

THIRTY-SIXTH DAY

St. Paul, Minnesota, Thursday, April 16, 1981

The Senate met at 10:00 a.m. and was called to order by the President.

Prayer was offered by the Chaplain, Rabbi Max A. Shapiro.

The roll was called, and the following Senators answered to their names:

Ashbach	Dicklich	Kroening	Penny	Sikorski
Bang	Dieterich	Kronebusch	Peterson, C.C.	Solon
Belanger	Engler	Lantry	Peterson, D.L.	Spear
Benson	Frank	Lessard	Peterson, R.W.	Stern
Berg	Frederick	Lindgren	Petty	Stokowski
Berglin	Frederickson	Luther	Pillsbury	Stumpf
Bernhagen	Hanson	Menning	Purfeerst	Taylor
Bertram	Hughes	Merriam	Ramstad	Tennessen
Brataas	Humphrey	Moe, D.M.	Renneke	Ulland
Chmielewski	Johnson	Moe, R.D.	Rued	Vega
Dahl	Keefe	Nelson	Schmitz	Waldorf
Davies	Knoll	Olhoft	Setzepfandt	Wegener
Davis	Knutson	Pehler	Sieloff	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Langseth was excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

April 14, 1981

The Honorable Jack Davies
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 247 and 153.

Sincerely yours,

Albert H. Quie, Governor.

April 15, 1981

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives

The Honorable Jack Davies
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1981 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1981	Date Filed 1981
153		26	April 14	April 15
247		27	April 14	April 15
	40	28	April 14	April 15
	71	29	April 14	April 15
	84	30	April 14	April 15
	173	31	April 14	April 15
	201	32	April 14	April 15
	269	33	April 14	April 15
	297	34	April 14	April 15
	330	35	April 14	April 15
	341	36	April 14	April 15
	470	37	April 14	April 15

Sincerely,

Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 197.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1981

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1237, 1269, 182, 696, 928, 937, 976, 979, 997, 1015, 1070, 1080, 1120, 1178, 1231, 912, 449, 569, 817, 893, 12 and 659.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 15, 1981

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H. F. No. 1237: A bill for an act relating to the city of Blaine; permitting all council members to serve on the housing and redevelopment authority.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1204.

H. F. No. 1269: A bill for an act relating to energy; providing for the confidentiality of certain energy data; changing the duties of Minnesota energy agency; subdivision regulations; extending biomass center plan deadline; amending Minnesota Statutes 1980, Sections 116H.08; 116H.19, Subdivision 1; 462.358, Subdivision 2a; proposing new law coded in Minnesota Statutes, Chapter 15.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 627, now on General Orders.

H. F. No. 182: A bill for an act relating to commerce; revising the small loan act; increasing the loan amount which determines the necessity of obtaining a license; increasing the amount of liquid assets which must be maintained by a licensee; allowing certain purchasers of accounts to obtain a license; providing for the regulation of closings of licensees on holidays and weekends; providing for examinations at the commissioner's discretion; allowing the use of certain mechanical or electronic data processing methods to be used as books of account; allowing alternative compliance on certain rates of charge statements; allowing certain loans to be secured by real estate; restating maximum rates and charges; regulating licensee provisions concerning certain insurance in connection with loans made; allowing industrial loan and thrifts to make secured or unsecured loans on the terms, rates, and conditions permitted licensees; providing remedies; defining terms; providing for miscellaneous clarifications and revisions; amending Minnesota Statutes 1980, Sections 53.04, by adding a subdivision; 56.01; 56.02; 56.04; 56.07; 56.09; 56.10; 56.11; 56.12; 56.14; 56.15, Subdivision 1; 56.16; 56.17; 56.18; 56.19; 56.26; 334.02; 334.03; and proposing new law coded in Minnesota Statutes, Chapter 56; repealing Minnesota Statutes 1980, Sections 53.04, Subdivisions 3, 4, 6, and 7; 53.051; 56.06; 56.13; 56.15, Subdivision 2; and 56.20.

Referred to the Committee on Commerce.

H. F. No. 696: A bill for an act relating to the city of East Grand Forks; permitting the city to acquire and develop certain land for industrial purposes.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 576, now on General Orders.

H. F. No. 928: A bill for an act relating to the city of Isanti; authorizing the city to issue general obligation bonds for the acquisition and betterment of a municipal building.

Referred to the Committee on Local Government and Urban Affairs.

H. F. No. 937: A bill for an act relating to the city of Duluth; authorizing the city to continue to issue the number of liquor licenses it was authorized to issue in the year 1980.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 758, now on General Orders.

H. F. No. 976: A bill for an act relating to retirement; Minneapolis teachers retirement fund association; authorizing the establishment of a lump sum post retirement adjustment program; authorizing service credit for parental leaves.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 981.

H. F. No. 979: A bill for an act relating to health; encouraging philanthropic support of hospitals; providing that funds derived from specified types of gifts or grants shall not be deducted from the operating costs of a hospital; proposing new law coded in Minnesota Statutes, Chapter 144.

Referred to the Committee on Health, Welfare and Corrections.

H. F. No. 997: A bill for an act relating to drivers licenses; providing for the filing of photographic negatives; restricting the use of the negatives; amending Minnesota Statutes 1980, Section 171.07, by adding a subdivision.

Referred to the Committee on Judiciary.

H. F. No. 1015: A bill for an act relating to education; modifying the provisions governing teachers placed on unrequested leave of absence in experimental paired districts; amending Minnesota Statutes 1980, Section 122.85, Subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1169, now on General Orders.

H. F. No. 1070: A bill for an act relating to health; exempting students in schools of dental assisting from the requirement of a dental license; amending Minnesota Statutes 1980, Section 150A.05, Subdivision 2.

Referred to the Committee on Health, Welfare and Corrections.

H. F. No. 1080: A bill for an act relating to children; authorizing counties to establish multidisciplinary child protection teams; proposing new law coded in Minnesota Statutes, Chapter 626.

Referred to the Committee on Health, Welfare and Corrections.

H. F. No. 1120: A bill for an act relating to public safety; authorizing the sale to and use by engineers of fireworks; amending Minnesota Statutes 1980, Section 624.21.

Referred to the Committee on General Legislation and Administrative Rules.

H. F. No. 1178: A bill for an act relating to the board of medical examiners; allowing temporary suspension of physicians' licenses without a hearing under certain conditions; amending Minnesota Statutes 1980, Section 147.021, by adding a subdivision.

Referred to the Committee on Health, Welfare and Corrections.

H. F. No. 1231: A bill for an act relating to state lands; directing conveyance of certain lands in Washington County.

Referred to the Committee on Agriculture and Natural Resources.

H. F. No. 912: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted and obsolete references and text; eliminating redundant, conflicting and superseded provisions; reenacting certain laws; amending Minnesota Statutes 1980, Sections 10.30; 12.03, Subdivision 9; 12.25, Subdivision 1; 15.0412, Subdivision 4d; 15.1611, Subdivisions 1 and 2; 15.1621, Subdivision 2; 15.163, Subdivision 6; 15.166, Subdivisions 1, 2 and 4; 15.1671; 15.50, Subdivision 1; 15.61, Subdivision 2; 16.172; 16.822, Subdivisions 3 and 6; 17.72; 17B.23; 27.01, Subdivision 1; 31.58; 32A.04,

Subdivision 1; 35.067; 40.05, Subdivision 4; 40.071; 43.12, Subdivision 19; 43.126, Subdivisions 1 and 2; 43.24, Subdivision 2; 43.323, Subdivision 3; 47.203; 48.88, Subdivision 2; 50.14, Subdivision 5, as reenacted; 55.15; 60A.23, Subdivision 8; 62A.152, Subdivision 2; 62D.22, Subdivision 6; 62D.28, Subdivisions 2 and 3; 65B.05; 65B.06, Subdivision 2; 65B.71, Subdivision 2; 69.031, Subdivision 5; 69.29; 72A.20, Subdivision 15; 72C.11; 79.34, Subdivision 1; 84.55; 84A.52; 84B.05; 90.195; 92.36; 93.45, Subdivision 2; 111.09, Subdivision 2; 111.11; 111.31; 111.36; 111.78; 112.43, Subdivision 2; 115.34, Subdivision 1; 116.02, Subdivision 3; 116.06, Subdivision 1; 116.10; 122.532, Subdivision 3; 144.125; 144.653, Subdivision 1; 144.801, Subdivision 8; 144.92; 144A.01, Subdivision 2; 144A.10, Subdivision 3; 145.838, Subdivision 3; 148.88; 151.26, Subdivision 1; 161.38, Subdivision 6; 162.08, Subdivision 3; 173.12; 173.13, Subdivision 2; 173.20; 173.21; 174.256, Subdivision 5; 179.68, Subdivision 2; 179.69, Subdivision 3a; 179.691; 179.692; 182.661, Subdivision 1; 183.52; 183.56; 183.57, Subdivision 2; 183.59; 197.13; 197.48; 197.603, Subdivision 2; 218.031, Subdivision 1; 218.041, Subdivisions 2, 7 and 8; 219.39; 219.40; 219.741; 237.30; 239.05, Subdivision 1; 239.09; 241.021, Subdivision 2; 241.045, Subdivision 6; 241.27, Subdivision 2; 241.62, Subdivision 5; 243.87; 245.05; 245.06; 245.07; 245.781; 245.782, Subdivisions 1, 11 and 12; 245.783, Subdivisions 1, 2 and 3; 245.791; 245.801, Subdivision 5; 245.802, Subdivision 2; 245.803, Subdivisions 1, 2 and 3; 245.812, Subdivisions 2, 5 and 6; 250.05, Subdivisions 2 and 4; 256.25; 256.263, Subdivision 1; 256.483, Subdivision 1; 256B.15; 256E.03, Subdivision 2; 256E.06, Subdivision 2; 257.64, Subdivision 1; 260.241, Subdivision 4; 273.13, Subdivision 6; 275.50, Subdivisions 2 and 5; 282.281; 290.05, Subdivision 1; 290.14; 290.35; 290.53, Subdivision 4; 290.92, Subdivision 5; 290A.01; 290A.02; 290A.03, Subdivisions 1, 3, 8, 11 and 12; 290A.08; 290A.09; 290A.11, Subdivision 1; 290A.13; 290A.15; 290A.16; 290A.17; 290A.20; 290A.22; 294.25; 295.34, Subdivision 1; 297.03, Subdivision 3; 298.223; 298.244, Subdivision 2; 299F.19, Subdivision 6; 299H.22, Subdivision 2; 308.07, Subdivision 10; 325F.34; 326.02, Subdivisions 1, 2, 3, 4a and 5; 326.03, Subdivision 5; 326.08, Subdivision 1; 326.11, Subdivision 1; 326.12, Subdivision 3; 326.13; 340.54, Subdivisions 1 and 2; 349.11; 352.22, Subdivision 3; 352B.075, Subdivision 1; 353.661, Subdivision 2; 353.71, Subdivision 1; 354.44, Subdivision 1a; 354A.21; 360.037, Subdivision 2; 368.86; 412.251; 414.0325, Subdivisions 1 and 5; 418.20; 423.075, Subdivision 2; 427.09; 447.34, Subdivision 1; 447.35; 447.45, Subdivision 1; 465.72; 471.371, Subdivision 3; 471.616, Subdivision 1; 471.617; 471.74, Subdivision 2; 473.438, Subdivision 3; 473F.02, Subdivision 17; 474.03; 480.059, Subdivision 7; 485.14; 508.37, by adding a subdivision; 518.155; 518.66; 595.021; 595.022; 611.07, Subdivision 3; 611.12, Subdivision 7; 626.556, Subdivision 11; 626A.12, Subdivision 5; 628.56; 629.404, Subdivision 1; Laws 1980, Chapter 614, Section 163; reenacting Minnesota Statutes 1980, Section 50.14, Subdivision 5; reenacting and validating Laws 1980, Chapter 528; repealing Minnesota Statutes 1980, Chapters 2A and 3B; Sections 115.15; 115.16; 218.041, Subdivision 3; 273.061, Subdivision 11; 282.11; 325F.33; 325F.49; 325F.50; 473F.08, Subdivision 11; 475.53, Subdivision 2; 508.37, Subdivision 1; Laws 1979, Chapters 40, Sections 6 and 9; 303, Article 2, Section 7, and Article 10, Section 7; and 334, Article 3, Section 15; Laws 1980, Chapters 437, Section 4; 460, Sections 5, 18, 19 and 27; 487, Section 14; 509, Section 127; 528, Section 4; 534, Sections 27, 31, 39, 47, 53 and 54; 579, Section 3; and 600, section 8.

Referred to the Committee on Rules and Administration for comparison with

S. F. No. 919, now on General Orders.

H. F. No. 449: A bill for an act relating to courts; providing that court reporter salaries shall be set by the district court administrator after consultation with the chief judge; amending Minnesota Statutes 1980, Sections 486.05, Subdivision 1; and 487.11, Subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 793, now on General Orders.

H. F. No. 569: A bill for an act relating to housing; providing new standards and procedures for disclosing conflicts of interest for commissioners and employees of housing and redevelopment authorities; establishing penalties; proposing new law coded in Minnesota Statutes, Chapter 462; repealing Minnesota Statutes 1980, Section 462.431.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 538, now on General Orders.

H. F. No. 817: A bill for an act relating to education; permitting the operation of single sex wrestling teams; amending Minnesota Statutes 1980, Section 126.21, Subdivision 3.

Referred to the Committee on Education.

H. F. No. 893: A bill for an act relating to transportation; authorizing the purchase of the closed combination railroad and highway bridge connecting St. Paul Park in Washington County and Inver Grove Heights in Dakota County, and authorizing its operation as a toll bridge by a private business entity; providing for the regulation of the operation and maintenance of the bridge and the establishment of maximum toll charges by the counties of Washington and Dakota.

Referred to the Committee on Transportation.

H. F. No. 12: A bill for an act relating to public utilities; requiring commission approval of interim rate changes; amending Minnesota Statutes 1980, Sections 216B.16, Subdivision 3; and 237.075, Subdivision 3.

Referred to the Committee on Commerce.

H. F. No. 659: A bill for an act relating to retirement; St. Paul teachers retirement fund association; removing an expiration date on authority to provide post retirement increases in certain instances; authorizing reduced early retirement in certain instances; amending Laws 1979, Chapter 109, Section 1.

Referred to the Committee on Public Employees and Pensions.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Tennessen from the Committee on Commerce, to which was referred

S. F. No. 461: A bill for an act relating to intoxicating liquor; authorizing off-sale licensees to dispense samples of wine, liqueurs and cordials; amending Minnesota Statutes 1980, Section 340.11, Subdivision 15.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Tennessen from the Committee on Commerce, to which was referred

S. F. No. 975: A bill for an act relating to commerce; eliminating the state override of the federal usury preemption on certain loans; repealing Minnesota Statutes 1980, Section 47.203.

Reports the same back with the recommendation that the bill do pass. Report

adopted.

Mr. Tennesen from the Committee on Commerce, to which was referred

S. F. No. 897: A bill for an act relating to insurance; regulating interest rates on life insurance policy loans; establishing written pricing and dividend policies in certain circumstances; prescribing penalties; amending Minnesota Statutes 1980, Section 61A.03; proposing new law coded in Minnesota Statutes, Chapter 72A.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Tennesen from the Committee on Commerce, to which was referred

S. F. No. 1126: A bill for an act relating to insurance; providing for continued health and accident coverage for former spouses after dissolution of the marriage in certain circumstances; amending Minnesota Statutes 1980, Section 62A.21.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1980, Section 62A.21, is amended by adding a subdivision to read:

Subd. 2a. Every group policy described in subdivision 1 shall contain a provision which permits continuation of coverage under the policy for the insured's former spouse and children upon entry of a valid decree of dissolution of marriage, if the decree requires the insured to provide continued coverage for those persons. The coverage may be continued until the earlier of the following dates:

(a) The date of remarriage of either the insured or the insured's former spouse; or

(b) The date coverage would otherwise terminate under the group policy.

Any required premium contributions for the coverage shall be paid by the insured to the group policyholder for remittance to the insurer.

Sec. 2. Minnesota Statutes 1980, Section 62A.21, is amended by adding a subdivision to read:

Subd. 2b. Every group policy described in subdivision 1 shall contain a provision allowing a former spouse of an insured, without providing evidence of insurability, to obtain from the insurer at the expiration of any continuation of coverage required under subdivision 2, or upon termination of coverage by reason of an entry of a valid decree of dissolution which does not require the

insured to provide continued coverage for the former spouse, conversion coverage providing at least the minimum benefits required under section 62E.06, provided application is made to the insurer within 30 days following the expiration of the continued coverage and upon payment of the appropriate premium.

Sec. 3. Minnesota Statutes 1980, Section 62A.21, Subdivision 3, is amended to read:

Subd. 3. ~~This section~~ *Subdivision 1* applies to every policy of accident and health insurance which is delivered, issued for delivery, renewed or amended on or after ~~the effective date of this section~~ *July 19, 1977*.

Subdivisions 2a and 2b apply to every policy of accident and health insurance which is delivered, issued for delivery, renewed, or amended on or after August 1, 1981.

Sec. 4. [REPEALER.]

Minnesota Statutes 1980, Section 62A.21, Subdivision 2, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 1981."

Amend the title as follows:

Page 1, line 3, after "spouses" insert "and children"

Page 1, line 5, after "62A.21" insert ", Subdivision 3, and by adding subdivisions; repealing Minnesota Statutes 1980, Section 62A.21, Subdivision 2"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Tennesen from the Committee on Commerce, to which was referred

S. F. No. 662: A bill for an act relating to commerce; providing for examinations of financial institutions; providing for the proportioning of annual assessments; providing uniform retention periods for records; clarifying the definition of financial institution; clarifying the distance drive-in or walk-up facilities may be located from a detached facility under certain circumstances; clarifying the notice and approval procedures and judicial review procedures for detached facilities; providing that voting equity in a bank's holding company satisfies the stock requirement of a director; providing additional time for submitting certain bank reports and authorizes acceptance of certain substitute reports; clarifying certain withdrawal provisions applicable to savings associations; requiring credit unions to obtain a commitment for insurance of accounts prior to approval of its application for organization; expanding the exemption from the licensing requirement for sales finance companies to include certain other financial institutions; providing for a compliance exam of sales finance companies once every two years instead of annually; removing certain obsolete provisions, including one in recognition of those statutory provisions which authorize full service detached facilities; amending Minnesota Statutes 1980, Sections 46.04, Subdivision 1; 46.131, Subdivision 4; 46.21; 47.015, Subdivision 1; 47.52; 47.54; 48.06; 48.48; 51A.33; 52.01; 168.67; and 168.705; repealing Minnesota Statutes 1980, Sections 46.131, Subdivision 6; 47.17;

and 48.34.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, after line 6, insert:

"Sec. 3. Minnesota Statutes 1980, Section 46.131, Subdivision 9, is amended to read:

Subd. 9. These assessments or fees shall be paid by the institution examined within 20 days after a statement of the amount thereof ~~shall have~~ *has* been ~~rendered submitted to~~ the institution examined by the commissioner of banks and, if not so paid, shall bear interest at the *discount* rate of ~~six percent per annum; provided, that in no case shall this penalty be less than \$5. Such charged member banks for borrowing from the Federal Reserve Bank.~~ The penalty shall be payable to the commissioner on ~~his making~~ a request for payment."

Page 5, line 34, strike "if the commissioner"

Page 5, line 35, strike the old language and delete "the"

Page 5, strike line 36

Page 6, line 1, strike "addition of a drive-in or walk-up facility"

Page 9, after line 11, insert:

"Sec. 9. Minnesota Statutes 1980, Section 48.34, is amended to read:

48.34 [BRANCH BANKS PROHIBITED.]

No bank or trust company organized under the laws of this state shall maintain a branch bank or receive deposits or pay checks within this state, except at its own banking house, and *except as authorized by sections 47.51 to 47.57 and sections 47.61 to 47.74.* The commissioner shall take possession of and liquidate the business and affairs of any state bank or trust company violating the provisions of this section, in the manner prescribed by law for the liquidation of insolvent state banks and trust companies."

Page 10, after line 10, insert:

"Sec. 11. Minnesota Statutes 1980, Section 48.51, is amended to read:

48.51 [DEMAND DEPOSITS DEFINED.]

For the purpose of sections 48.50 and 48.51, all deposits are payable on demand except:

(1) Those deposits which are evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of the deposit is payable:

(a) on a certain date, specified in the instrument, not less than ~~30~~ *14* days after the date of the deposit; or (b) at the expiration of a specified period not less than ~~30~~ *14* days after the date of the instrument; or (c) upon written notice to be given not less than ~~30~~ *14* days before the date of repayment.

(2) Those deposits which may not be withdrawn within ~~30~~ *14* days of the making thereof.

(3) Those deposits which may not be withdrawn within ~~30~~ *14* days of the

giving of notice of an intended withdrawal."

Page 11, line 30, strike "such" and insert "the"

Page 13, line 23, strike "his" and insert "a"

Page 16, after line 10, insert:

"Sec. 16. Minnesota Statutes 1980, Section 300.025, is amended to read:

300.025 [ORGANIZATION, CERTIFICATE.]

Any three or more persons may form a corporation for any of the purposes specified in section 47.12 by complying with the conditions hereinafter prescribed; provided, no corporation shall be formed under this section which might be formed under the Minnesota business corporation act. They shall subscribe and acknowledge a certificate specifying:

(1) The name, the general nature of its business, and the principal place of transacting the same. ~~Such~~ The name shall distinguish it from all other corporations, domestic or foreign, authorized to do business in this state, and shall contain the word "company," "corporation," "bank," "association," or "incorporated". ~~In the case of a state bank the name shall contain the words "state bank."~~

(2) The period of its duration, if limited.

(3) The names and places of residence of the incorporators.

(4) In what board its management shall be vested, the date of the annual meeting at which it shall be elected, and the names and addresses of those composing the board until the first election, a majority of whom shall always be residents of this state.

(5) The amount of capital stock, if any, how the same is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each, and the method of voting thereon.

(6) The highest amount of indebtedness or liability to which the corporation shall at any time be subject.

It may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders provided that corporations subject to provisions of section 48.27 may show their highest amount of indebtedness to be 30 times the amount of its capital and actual surplus."

Page 16, line 14, delete "Sections" and insert "Section"

Page 16, line 14, delete "; and 48.34 are" and insert "is"

Page 16, line 17, delete "13" and insert "17"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing a penalty for failure to pay certain fees and assessments;"

Page 1, line 15, after the semicolon, insert "modifying the definition of

“demand deposits”;

Page 1, line 24, after the semicolon, insert “removing the requirement that a state bank’s name contain the words “state bank”;

Page 1, line 28, delete “Subdivision 4” and insert “Subdivisions 4 and 9”

Page 1, line 29, after “48.06;” insert “48.34;”

Page 1, line 29, after “48.48;” insert “48.51;”

Page 1, line 30, delete “and” and after “168.705;” insert “and 300.025;”

Page 1, line 32, after “6;” insert “and” and delete “; and 48.34”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Hughes from the Committee on Education, to which was referred

H. F. No. 30: A bill for an act relating to Independent School District No. 219, Elmore; requiring revision of its certified statutory operating debt.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 942: A bill for an act relating to the secretary of state; requiring that government survey documents be maintained on microfilm; providing for filing certain documents with the Minnesota historical society; amending Minnesota Statutes 1980, Section 5.03.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete “*filed*” and insert “*maintained*” and delete “*with the*” and insert a period

Page 1, delete lines 21 to 23

Amend the title as follows:

Page 1, line 4, delete “providing for filing certain documents with”

Page 1, line 5, delete “the Minnesota historical society;”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 1223: A bill for an act relating to water well contractors; altering the exemption from license requirements for certain registered professional engineers; amending Minnesota Statutes 1980, Section 156A.03, Subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 16, after “wells” insert “as defined in rules promulgated by the

commissioner”

Page 1, line 16, remove the underscoring from the period

Page 1, after line 20, insert:

“Any professional engineer engaged in the practice of constructing ground water quality sampling and monitoring wells as described in this subdivision shall register with the commissioner on forms provided by the commissioner.”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 1179: A bill for an act relating to state government; providing for the appropriation of funds equal to the value of transferred assets when certain assets are transferred among state agencies; directing the state auditor to determine certain adjustments to foundation aid payments; transferring to the commissioner of finance certain duties of the state auditor related to Minnesota aeronautics bonds; providing for the state auditor to approve bonds for officers and employees of regional development commissions; providing for audits of housing and redevelopment authorities under certain conditions; transferring duties of the state auditor to the commissioner of finance related to state taxes on the sale of certain obligations; appropriating money; amending Minnesota Statutes 1980, Sections 16.73; 124.212, Subdivision 20; 360.302; 462.389, Subdivisions 2 and 4; and 475.73, Subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, delete “124.212, Subdivision 20;”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

H. F. No. 518: A bill for an act relating to education; including state hospitals as eligible employers for the purpose of work-study grants; amending Minnesota Statutes 1980, Section 136A.233, Subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 21, after “agency” insert “or state institution”

Amend the title as follows:

Page 1, line 2, delete “hospitals” and insert “institutions”

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

H. F. No. 365: A bill for an act relating to building code inspectors; authorizing certain municipalities to choose between two options to enforce the provisions of the building code related to access for handicapped persons; amending Minnesota Statutes 1980, Section 16.861, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

H. F. No. 401: A bill for an act relating to commerce; regulating the licensing of electricians; amending Minnesota Statutes 1980, Section 326.242, Subdivision 2.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was referred

H. F. No. 189: A bill for an act relating to governmental operations; prohibiting the use of state government vehicles for nongovernmental functions; prohibiting compensation of employees for use of personal vehicles for non-governmental purposes; amending Minnesota Statutes 1980, Section 16.753.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was re-referred

S. F. No. 288: A bill for an act relating to economic development; establishing a uniform business licensing policy; defining its scope; and detailing its application and effect; proposing new law coded in Minnesota Statutes, Chapter 362.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1980, Section 3.965, is amended by adding a subdivision to read:

Subd. 5. [BUSINESS LICENSING RULES.] The commission may conduct the public meetings for review of rules related to business licenses as required by section 4.

Sec. 2. [362.450] [UNIFORM BUSINESS LICENSING POLICY.]

Subdivision 1. [FINDING.] The legislature finds that a uniform policy on business licenses is necessary to maintain an adequate level of protection of the public welfare while preventing business licensing from becoming overly burdensome for the citizens and businesses of Minnesota.

Subd. 2. [POLICY.] It is the policy of the state of Minnesota that to the

extent practicable, when required, a business license:

(a) Should be necessary to protect the safety, health or welfare of the citizens of the state or to ensure fair competition, competency in business, responsible financial practices, or other ethical business conduct;

(b) Should not duplicate or significantly overlap any other business license;

(c) Should be issued and renewed for the longest period possible consistent with the need to review eligibility and compliance with the terms and conditions of the license;

(d) Should contain a termination or renewal date determined by the agency to be as convenient as possible for the license holder consistent with clause (c). When an agency issues more than one license to the same business these licenses should have the same calendar renewal date; and

(e) Should involve payment of a fee in an amount no greater than specified by statute. If a fee is authorized by statute and set by rule, the fee shall be no greater than necessary to recover the administrative cost of issuing or renewing the license or enforcing its terms and conditions. The fees and conditions may be different for different classes of businesses and for initial issuance and subsequent renewals.

Sec. 3. [362.451] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For the purposes of sections 2 to 5, the terms defined in this section have the meanings given them.

Subd. 2. [BUSINESS LICENSE.] "Business license" or "license" means any permit, registration, certification, or other form of approval authorized by statute or rule to be issued by any agency or instrumentality of the state of Minnesota as a condition of doing business in Minnesota. The term also includes, when applicable, the substantive and procedural criteria governing the qualifications for, and issuance and maintenance of, a business license.

Subd. 2a. [LICENSE; EXCEPTIONS.] "Business license" or "license" does not include the following:

(1) Any occupational license issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) Any license issued by a county, home rule charter city, statutory city, township or other political subdivision;

(3) Any license required to practice the following occupation regulated by the following sections:

(a) Abstracters regulated pursuant to chapter 386;

(b) Accountants regulated pursuant to chapter 326;

(c) Adjusters regulated pursuant to chapter 72B;

(d) Architects regulated pursuant to chapter 326;

(e) Assessors regulated pursuant to chapter 270;

(f) Attorneys regulated pursuant to chapter 481;

(g) Auctioneers regulated pursuant to chapter 330;

- (h) Barbers regulated pursuant to chapter 154;
- (i) Beauticians regulated pursuant to chapter 155;
- (j) Boiler operators regulated pursuant to chapter 183;
- (k) Chiropractors regulated pursuant to chapter 148;
- (l) Cosmetologists regulated pursuant to chapter 155;
- (m) Dentists and dental hygienists regulated pursuant to chapter 150A;
- (n) Detectives regulated pursuant to chapter 326;
- (o) Electricians regulated pursuant to chapter 326;
- (p) Embalmers regulated pursuant to chapter 149;
- (q) Engineers regulated pursuant to chapter 326;
- (r) Insurance brokers and salespersons regulated pursuant to chapter 60A;
- (s) Midwives regulated pursuant to chapter 148;
- (t) Morticians regulated pursuant to chapter 149;
- (u) Nursing home administrators regulated pursuant to chapter 144A;
- (v) Optometrists regulated pursuant to chapter 148;
- (w) Osteopathic physicians regulated pursuant to chapter 147;
- (x) Pharmacists regulated pursuant to chapter 151;
- (y) Physical therapists regulated pursuant to chapter 148;
- (z) Physicians and surgeons regulated pursuant to chapter 147;
- (aa) Plumbers regulated pursuant to chapter 326;
- (bb) Podiatrists regulated pursuant to chapter 153;
- (cc) Practical nurses regulated pursuant to chapter 148;
- (dd) Psychologists regulated pursuant to chapter 148;
- (ee) Real estate brokers and salespersons regulated pursuant to chapter 82;
- (ff) Registered nurses regulated pursuant to chapter 148;
- (gg) Securities brokers, dealers and agents regulated pursuant to chapter 80A;
- (hh) Steamfitters regulated pursuant to chapter 326;
- (ii) Teachers and supervisory and support personnel regulated pursuant to chapter 125;
- (jj) Veterinarians regulated pursuant to chapter 156;
- (kk) Watchmakers regulated pursuant to chapter 326;
- (ll) Water conditioning contractors and installers regulated pursuant to chapter 326;
- (mm) Water well contractors regulated pursuant to chapter 156A;
- (nn) Water and waste treatment operators regulated by chapter 115;

(4) Any driver's license required pursuant to chapter 171;

(5) Any aircraft license required pursuant to chapter 360;

(6) Any watercraft license required pursuant to chapter 361;

(7) Any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air or water, which is required to be obtained from a state agency or instrumentality; and

(8) Any pollution control rule or standard established by the pollution control agency or any health rule or standard established by the commissioner of health.

Sec. 4. [362.452] [REVIEW OF EXISTING RULES FOR BUSINESS LICENSES.]

Subdivision 1. [AGENCY REVIEW.] Each agency or instrumentality of the state which is authorized or directed by statute to issue business licenses shall complete a detailed written review of its rules for business licenses to assure compliance with the policy in section 2. Each agency shall review at least one-half of its rules for business licenses by June 30, 1982, and the remaining rules for business licenses by June 30, 1983.

Subd. 2. [LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE RULES.] Each agency shall submit its reviews of business licensing rules to the legislative commission to review administrative rules within 30 days of their completion. The reviews shall be submitted together with any agency recommendations to amend existing business licensing rules. The commission shall conduct public meetings to afford interested persons the opportunity to comment on the business licensing rules under review. The commission shall publish notice of the meetings in the state register at least 30 days in advance of the meetings.

Subd. 3. [ADMINISTRATIVE AND LEGISLATIVE AMENDMENTS.] Each agency shall use its review and the comments received from the public at the public meetings to initiate administrative action or legislative changes to bring the business licensing rules of the agency into compliance with the policy in section 2. If, following the review process, an agency determines that the existing statutory provisions for a license are inconsistent with the policy in section 2, the agency shall present legislation at the next regular session of the legislature to correct the inconsistencies, and the existing statutory provisions shall remain in effect until the legislature enacts the changes. An agency which does not review rules for a business license pursuant to this section shall report its decision and its reasons to the appropriate standing committees of the senate and the house of representatives at the next legislative session. Any rule for a business license so reported shall cease to exist as a condition of doing business at the end of that legislative session unless legislation is passed to continue the existence of the license.

Subd. 4. [EXISTING RULES; EXCEPTION.] Notwithstanding subdivision 1, an agency is not required to review any rule for a business license promulgated on or after January 1, 1977, when the agency has followed the recommendations of a hearing examiner if a hearing examiner was employed. Rules described in this subdivision are not subject to the provisions of subdivision 3.

Sec. 5. [362.453] [NEW LICENSES.]

Any new business license authorized by the legislature or established by rule after the effective date of sections 1 to 7 shall conform to the policy in section 2.

Sec. 6. [362.454] [EXISTING LICENSES.]

Nothing in sections 1 to 5 shall affect the validity of duration of an existing issued license.

Sec. 7. [APPROPRIATION; STAFFING.]

For the biennium ending June 30, 1983, the sum of \$25,000 is appropriated from the general fund to the legislative coordinating commission for distribution to the legislative commission to review administrative rules for the performance of its duties under section 4.

In addition, general administrative and support services shall be provided at no cost to the legislative commission to review administrative rules by the house of representatives and the senate on an alternating basis for one year periods. The senate shall provide these services during the fiscal year ending June 30, 1983.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "appropriating money; amending Minnesota Statutes 1980, Section 3.965, by adding a subdivision;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was re-referred

S. F. No. 286: A bill for an act relating to economic development; prescribing the powers and duties of the bureau of business licenses regarding the consolidation, simplification, and expedition of business license procedures of state agencies; appropriating money; proposing new law coded in Minnesota Statutes, Chapter 362.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [362.451] [DECLARATION OF PURPOSE.]

It is the intent of the legislature that a program of business license assistance be established to provide a centralized state government office to which business license applicants may obtain comprehensive license information and assistance. The program of business assistance will be directed to commercial business undertakings, projects, and activities rather than to the issuance of licenses for individual privileges, including the occupational licenses for practicing a trade or profession, licenses for operating a motor vehicle, and amateur sporting licenses, including, but not limited to, hunting and fishing.

Sec. 2. [362.453] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 1 to 14, the following terms have the meanings given them.

Subd. 2. [AGENCY.] "Agency" has the meaning given it in Minnesota Statutes, Section 15.0411, Subdivision 2.

Subd. 3. [APPLICANT.] "Applicant" means a person acting on his own behalf or authorized to act on behalf of any other person for the purpose of securing a license.

Subd. 4. [BUREAU.] "Bureau" means the bureau of business licenses.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of the department of economic development.

Subd. 6. [DIRECTOR.] "Director" means the director of the bureau of business licenses.

Subd. 7. [BUSINESS LICENSE.] "Business license" or "license" means any permit, registration, certification, or other form of approval authorized by statute or rule to be issued by any agency or instrumentality of the state of Minnesota as a condition of doing business in Minnesota. The term also includes, where applicable, the substantive and procedural criteria governing the qualifications for, and issuance and maintenance of, a business license.

Subd. 7a. "Business license" or "license" does not include the following:

(1) Any occupational license issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) Any license issued by a county, home rule charter city, statutory city, township or other political subdivision;

(3) Any license required to practice the following occupation regulated by the following sections:

(a) Abstracters regulated pursuant to chapter 386;

(b) Accountants regulated pursuant to chapter 326;

(c) Adjusters regulated pursuant to chapter 72B;

(d) Architects regulated pursuant to chapter 326;

(e) Assessors regulated pursuant to chapter 270;

(f) Attorneys regulated pursuant to chapter 481;

(g) Auctioneers regulated pursuant to chapter 330;

(h) Barbers regulated pursuant to chapter 154;

(i) Beauticians regulated pursuant to chapter 155;

(j) Boiler operators regulated pursuant to chapter 183;

(k) Chiropractors regulated pursuant to chapter 148;

(l) Cosmetologists regulated pursuant to chapter 155;

(m) Dentists and dental hygienists regulated pursuant to chapter 150;

(n) Detectives regulated pursuant to chapter 326;

- (o) Electricians regulated pursuant to chapter 326;
- (p) Embalmers regulated pursuant to chapter 149;
- (q) Engineers regulated pursuant to chapter 326;
- (r) Insurance brokers and salespersons regulated pursuant to chapter 60A;
- (s) Midwives regulated pursuant to chapter 148;
- (t) Morticians regulated pursuant to chapter 149;
- (u) Nursing home administrators regulated pursuant to chapter 144A;
- (v) Optometrists regulated pursuant to chapter 148;
- (w) Osteopathic physicians regulated pursuant to chapter 147;
- (x) Pharmacists regulated pursuant to chapter 151;
- (y) Physical therapists regulated pursuant to chapter 148;
- (z) Physicians and surgeons regulated pursuant to chapter 147;
- (aa) Plumbers regulated pursuant to chapter 326;
- (bb) Podiatrists regulated pursuant to chapter 153;
- (cc) Practical nurses regulated pursuant to chapter 148;
- (dd) Psychologists regulated pursuant to chapter 148;
- (ee) Real estate brokers and salespersons regulated pursuant to chapter 82;
- (ff) Registered nurses regulated pursuant to chapter 148;
- (gg) Securities brokers, dealers and agents regulated pursuant to chapter 80A;
- (hh) Steamfitters regulated pursuant to chapter 326;
- (ii) Teachers and supervisory and support personnel regulated pursuant to chapter 125;
- (jj) Veterinarians regulated pursuant to chapter 156;
- (kk) Watchmakers regulated pursuant to chapter 326;
- (ll) Water conditioning contractors and installers regulated pursuant to chapter 326;
- (mm) Water well contractors regulated pursuant to chapter 156A;
- (nn) Water and waste treatment operators regulated pursuant to chapter 115;
- (4) Any driver's license required pursuant to chapter 171;
- (5) Any aircraft license required pursuant to chapter 360;
- (6) Any watercraft license required pursuant to chapter 361;
- (7) Any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air or water, which is required to be obtained from a state agency or instrumentality; and

(8) Any pollution control rule or standard established by the pollution control agency or any health rule or standard established by the commissioner of health.

Subd. 8. [PERSON.] "Person" means any individual, proprietorship, partnership, association, cooperative, corporation, nonprofit organization, state or local government agency, and any other organization required to obtain one or more licenses.

Sec. 3. [362.455] [BUREAU OF BUSINESS LICENSES.]

Subdivision 1. [APPOINTMENT OF DIRECTOR.] The head of the bureau shall be the director of business licenses. The director shall be appointed by the commissioner in accordance with Minnesota Statutes, Section 362.23, and shall be in the classified service.

Subd. 2. [DIRECTOR'S POWERS AND DUTIES.] The director shall direct the work of the bureau. The director may, with the advice and consent of the commissioner, hire employees as he may deem necessary, prescribe their duties, fix their compensation, and provide for the reimbursement of their expenses.

Subd. 3. [DIRECTOR'S REPORT.] The director shall report to the commissioner or his designee on the activities of the bureau to ensure the consistency of those activities with the overall economic development policies of the state.

Subd. 4. [COORDINATION WITH OTHER AGENCIES.] The commissioner, working with other agency heads, shall assure that the activities of the bureau are fully coordinated with related activities of other agencies.

Sec. 4. [362.457] [GENERAL FUNCTIONS; POWERS AND DUTIES.]

The bureau, by and through the director or his duly authorized employees, shall have the following functions, powers, and duties:

(a) Providing comprehensive information on licenses required for business undertakings, projects, and activities in the state and making the information available to applicants and other persons;

(b) Providing interested persons with an opinion as to the number, kind, and source of required licenses and potential difficulties in obtaining the licenses, based on a review of a potential applicant's business concept at an early stage in its planning;

(c) Developing with the assistance of other departments a master application procedure to expedite the identification and processing of these licenses;

(d) Facilitating or recommending consolidation of hearings required pursuant to licensing applications when feasible and advantageous;

(e) Encouraging and facilitating the participation of federal and local government agencies in licensing coordination;

(f) Making recommendations for eliminating, consolidating, simplifying, expediting, or otherwise improving licensing procedures affecting business undertakings; and

(g) Adopting rules, procedures, instructions, and forms as are required to

carry out the functions, powers, and duties imposed upon the bureau by sections 1 to 14.

Sec. 5. [362.459] [ASSISTANCE OF OTHER AGENCIES.]

To effect the purposes of sections 1 to 14, and when requested by the commissioner, an agency shall to the extent practicable provide assistance, services, facilities, and data as will enable the bureau to carry out its functions, powers, and duties.

Sec. 6. [362.461] [COMPREHENSIVE LICENSE INFORMATION.]

Subdivision 1. [REPORTS BY AGENCIES.] Not later than 90 days from the effective date of sections 1 to 14, each agency issuing licenses for business undertakings, projects, and activities shall report to the bureau, in a form prescribed by the bureau, on each and every type of license administered or issued by the agency. Application forms, applicable agency rules, fee schedules, and the estimated time period necessary for license application consideration based on experience and statutory or regulatory requirements shall accompany each report. The reports shall be updated every two years.

Subd. 2. [REPORT SUPPLEMENTATION.] Each agency issuing licenses for business undertakings, projects, and activities shall, subsequent to its report pursuant to subdivision 1, provide the bureau with a report of any new license or modification of any existing license, or licensing procedures, together with applicable forms, rules, and information required under subdivisions 1 and 2 regarding new or modified licenses.

Subd. 3. [PREPARATION OF INFORMATION FILE.] The bureau shall prepare an information file on agency license requirements upon receipt of the agency reports and shall develop methods for its maintenance, revision, updating, and ready access.

Subd. 4. [LICENSE INFORMATION PROVIDED BY BUREAU.] The bureau shall provide comprehensive license information on the basis of information submitted in subdivisions 1 to 3. The bureau may prepare and distribute publications, guides, and other materials based upon the agency reports and the information file. These materials are designed to serve the convenience of license applicants and explain license requirements affecting business, including requirements having multiple license or multiple agency aspects.

Sec. 7. [362.463] [PREAPPLICATION CONFERENCES.]

Subdivision 1. [REQUESTS FOR CONFERENCE.] The bureau, at the request of any person, proceeding in accordance with this section, may conduct a preapplication conference, pending the formal submission of application forms, in which affected agencies shall participate to the extent practicable in order to clarify the nature and scope of their interest, to provide guidance regarding license application and review procedures, and to coordinate agency actions and data collection or submission regarding license application.

Subd. 2. [MULTIPLE LICENSES; AGENCIES TO PROVIDE REVIEW AND OPINION.] If, in the course of a preapplication conference, it becomes clear in the opinion of the director that a proposed business undertaking: (a) may require multiple licenses from the same or different state departments; (b) will take place in phases over an extended period of time; (c) will involve

substantial expense for preparation of detailed plans, specifications and license applications; or (d) is of a new or unique nature, then each affected agency shall, at the request of the director to the extent practicable, provide the applicant with a written review and opinion as to all licenses which the agency would require for the proposed undertaking, the standards and conditions which would have to be met in order to obtain the licenses, timetables involved, and any properly related circumstances or findings.

Subd. 3. [WRITTEN OPINIONS; TIME LIMITS; EXTENSIONS.] Each agency participating in the review and opinion process shall render the written opinion within a period not exceeding 60 days from the date fixed by the director. This period may be extended by the director at the request of an interested agency for the further consideration of information provided in accordance with this section. The director shall advise the person having requested the review and opinion of the extension, the reasons for it, and the revised period fixed by the director for rendering the written opinion. The person shall be entitled to confer with the bureau and with any agency having been granted an extension of time to ascertain what further information, if any, is required to facilitate the rendering of the review and opinion.

Subd. 4. [EFFECT OF REVIEW AND OPINION PROCEDURE.] A preapplication review and opinion shall not relieve the person from the responsibility of obtaining any required licenses and shall be contingent upon the submission of all detailed plans, specifications, and information required for license applications. An agency's written opinion as to required licenses shall remain in effect indefinitely for the proposed business undertaking, project, or activity as described in the applicant's submission. However, if new license requirements or related standards over which an agency has no control or discretion in establishing subsequently become effective, the new license requirements or standards shall not be considered to have been part of the preapplication review and opinion. The opinion of the agency may be modified or amended by the agency at any time and shall not prohibit the agency from requiring additional licenses as deemed necessary for the applicant.

Subd. 5. [RULES OF PROCEDURE.] The bureau shall promulgate rules for the procedures to be followed in the conduct of preapplication reviews and opinions.

Sec. 8. [362.465] [MASTER APPLICATION PROCEDURE.]

Subdivision 1. [DEVELOPMENT AND IMPLEMENTATION.] The bureau shall develop and implement a master application procedure to expedite the identification and processing of licenses for business undertakings, projects, and activities. A master application shall be made on a form prescribed by the bureau. This form shall request concise and specific information necessary to determine those licenses which are or may be required for the undertaking, project, or activity in order to insure speedy issuance of the licenses when all necessary requirements are met.

Subd. 2. [BUREAU ASSISTANCE IN PREPARING.] Use of the master application procedure shall be at the option of any person proposing a business undertaking, project, or activity. Upon request, the bureau shall assist any person in preparing a master application, describe the procedures involved, and provide other information from the comprehensive license information file as may be helpful or necessary.

Subd. 3. [RECEIPT OF APPLICATION; NOTIFICATION TO AGENCIES.] Upon receipt of a master application the bureau shall immediately notify in writing each agency having a possible interest in the proposed business undertaking, project, or activity with respect to licenses which are or may be required.

Subd. 4. [AGENCY RESPONSE.] Each agency so notified shall respond to the bureau within 20 days of receipt of the notice and shall advise the bureau whether one or more licenses under its jurisdiction are or may be required for the business undertaking, project, or activity described in the master application. The response shall specify the licenses which in the opinion of the agency are or may be required, if any, and shall indicate the fees to be charged.

Subd. 5. [CONSEQUENCES OF NEGATIVE OR NONRESPONSES.] Any agency so notified which responds that it does not have an interest in the license requirements of the business undertaking, project, or activity described in the master application, or which does not respond within the time period specified in subdivision 4, shall not require a license for the undertaking, project, or activity described in the master application. Except that where unusual circumstances have prevented an agency from notifying the bureau, and the agency establishes that failure to require a license would result in substantial harm to the public health or welfare, the commissioner may order that the license be required.

Subd. 6. [FAILURE TO PROVIDE ACCURATE OR PERTINENT INFORMATION.] The provisions of subdivision 5 shall not apply if the commissioner of economic development determines that the master application contained false, misleading, or deceptive information, or failed to include pertinent information, the lack of which could reasonably lead an agency to misjudge the applicability of licenses under its jurisdiction, or if new license requirements or related standards subsequently became effective for which an agency had no discretion in establishing the effective date.

Subd. 7. [NOTIFICATION TO APPLICANT.] The bureau, following the 20 day notice and response period, shall promptly provide the person having submitted a master application with application forms and related information for all licenses specified by the interested agencies and shall advise the person:

(a) That all forms are to be completed and submitted to the interested agencies; and

(b) At the option of the applicant, that the bureau will receive all forms as a package with the fees to be charged, if any, and that the bureau will immediately separate and submit the forms and any allocable fees to the appropriate agencies.

Subd. 8. [WITHDRAWAL OF APPLICATION.] An applicant may withdraw a master application at any time without forfeiture of any license approval applied for or obtained under the master application procedures contained in this section.

Sec. 9. [362.467] [LICENSE COORDINATION AND ASSISTANCE TO APPLICANTS.]

Subdivision 1. [AUTHORIZATION.] Any applicant for licenses required for a business undertaking, project, or activity may confer with the bureau to

obtain assistance in the prompt and efficient processing and review of applications.

Subd. 2. [DUTIES OF THE BUREAU.] The bureau shall, so far as possible, render assistance; and the director may designate an officer or employee of the bureau to act as an expeditor for the purpose of:

(a) Facilitating contacts for the applicant with agencies responsible for processing and reviewing license applications;

(b) Arranging conferences to clarify the interest and requirements of any agency with respect to license applications;

(c) Considering with agencies the feasibility of consolidating hearings and data required of the applicant; and

(d) Assisting the applicant in the resolution of outstanding issues identified by agencies, including delays experienced in license review.

Sec. 10. [362.469] [CONSOLIDATED HEARINGS.]

Subdivision 1. [BUREAU MAY REQUEST.] The bureau may request the office of administrative hearings to consolidate hearings insofar as it is feasible and agreeable to all parties.

Subd. 2. [RULES OF PROCEDURE.] A consolidated hearing shall be conducted in a manner consistent with Minnesota Statutes, Sections 15.0411 to 15.052, and the applicable rules of the office of administrative hearings.

Subd. 3. [PREHEARING CONFERENCE.] The office of administrative hearings, with the consent of the agencies having license jurisdiction, may provide for a prehearing conference to assist in the disposition of the type, time, place, and parties of the consolidated hearing, the simplification of the issues, the stipulations as to agreed facts and necessary documents, and other relevant matters.

Sec. 11. [362.471] [LICENSE AUTHORITY RETAINED.]

Each agency having jurisdiction to approve or deny a license shall have the continuing power vested in it to make such determinations. The provisions of sections 1 to 14 shall not lessen or reduce these powers and shall modify the procedures followed in carrying out these powers only to the extent provided in sections 1 to 14.

Sec. 12. [362.473] [SERVICES PROVIDED AT NO CHARGE.]

Services rendered by the bureau shall be made available without charge. Nothing contained in this section shall relieve an applicant of any part of the fees or charges established for the review and approval of license applications or relieve an applicant of any of the apportioned costs of a consolidated hearing conducted under sections 7 and 8.

Sec. 13. [362.475] [FEDERAL AND LOCAL GOVERNMENT PARTICIPATION.]

Subdivision 1. [ENCOURAGEMENT.] Federal and local government license agencies shall be encouraged to participate in the business license information, coordination, and assistance services of the bureau and to make information available to applicants through the bureau with respect to any

business undertaking, project, or activity which is referred to the bureau under the provisions of sections 1 to 14.

Subd. 2. [ASSISTANCE TO FEDERAL AND LOCAL AGENCY LICENSE APPLICANTS.] The bureau shall, so far as is practicable, advise applicants of federal and local agency license requirements and shall maintain an information file on licenses for which the state has delegated issuance authority to local government agencies.

Subd. 3. [COORDINATION OF LICENSE REVIEW PROCEDURES.] The director shall consult with local government officials with respect to co-operation in coordinating state and local license application and review procedures and shall recommend to the governor and the legislature any actions which would facilitate this coordination.

Sec. 14. [362.477] [COMPILATION AND MAINTENANCE OF STATISTICAL DATA.]

The bureau shall obtain and keep on an annual basis appropriate statistical data regarding the number of licenses issued by agencies, the amount of time necessary for the licenses to be issued, the cost of obtaining the licenses, the types of projects for which specific licenses are issued, a geographic distribution of licenses issued, and other pertinent data which the director deems appropriate. The bureau shall analyze the data by type of license and by agency responsible and shall make its findings available to the public.

Sec. 15. [REPEALER.]

Minnesota Statutes 1980, Section 362.45, is repealed.

Sec. 16. [REVOLVING FUND.]

There is established a business license revolving fund. Any other law notwithstanding, every agency issuing a business license after the effective date of this act shall impose a two percent surcharge or \$10, whichever is the lesser amount, for the issuance or renewal of a business license through the period ending June 30, 1982. A surcharge of one percent or \$10, whichever is the lesser amount, shall be imposed beginning July 1, 1982. Proceeds from the license surcharge shall be deposited in the business license revolving fund.

Sec. 17. [APPROPRIATION.]

There is appropriated from the general fund to the bureau of business licenses the sum of \$450,000 for the purpose of implementing sections 1 to 14. This appropriation is available until June 30, 1983. The complement of the department of economic development is increased by four. The funds deposited in the business license revolving fund shall be transferred to the general fund in an amount not to exceed \$450,000 for the biennium ending June 30, 1983.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 15 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 7, before the period, insert "; repealing Minnesota Statutes 1980, Section 362.45"

And when so amended the bill do pass and be re-referred to the Committee

on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which was referred

S. F. No. 447: A bill for an act relating to retirement; providing for an increase in the amount of employer contributions to the teachers retirement association and to the teachers retirement fund associations in cities of the first class; amending Minnesota Statutes 1980, Sections 354.42, Subdivision 5; and 354A.12, Subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 354.42, Subdivision 5, is amended to read:

Subd. 5. [EMPLOYER ADDITIONAL CONTRIBUTION.] An additional employer contribution shall be made in the manner provided in section 354.43 in an amount of ~~3.05 percent~~ *equal to the following percentage* of the salary of each member for the purpose of *paying the interest on or amortizing the deficit in unfunded accrued liability of the fund.* ~~This contribution shall be made in the manner provided in section 354.43.~~

<i>from July 1, 1980 through June 30, 1981</i>	<i>3.05 percent</i>
<i>from July 1, 1981 through June 30, 1982</i>	<i>3.50 percent</i>
<i>from July 1, 1982 through June 30, 1983</i>	<i>3.95 percent</i>
<i>from July 1, 1983 through June 30, 1984</i>	<i>4.40 percent</i>
<i>from July 1, 1984 through June 30, 1985</i>	<i>4.85 percent</i>
<i>from July 1, 1985 through June 30, 1986</i>	<i>5.30 percent</i>
<i>from July 1, 1986 through June 30, 1987</i>	<i>5.75 percent</i>
<i>from July 1, 1987 through June 30, 1988</i>	<i>6.20 percent</i>
<i>from July 1, 1988 through June 30, 1989</i>	<i>6.65 percent</i>
<i>from July 1, 1989 through June 30, 1990</i>	<i>7.10 percent</i>
<i>from July 1, 1990 through June 30, 1991</i>	<i>7.55 percent</i>
<i>from July 1, 1991 and thereafter</i>	<i>7.76 percent</i>

Sec. 2. Minnesota Statutes 1980, Section 354A.12, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed and the state shall assume the total employer obligation.

The state shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the state shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement

fund associations in a city of the first class, the state shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

**Duluth teachers retirement
fund association**

<i>from July 1, 1980 through June 30, 1981</i>	5.79 percent
<i>from July 1, 1981 through June 30, 1982</i>	5.86 percent
<i>from July 1, 1982 through June 30, 1983</i>	5.93 percent
<i>from July 1, 1983 through June 30, 1984</i>	6.00 percent
<i>from July 1, 1984 through June 30, 1985</i>	6.07 percent
<i>from July 1, 1985 through June 30, 1986</i>	6.14 percent
<i>from July 1, 1986 through June 30, 1987</i>	6.21 percent
<i>from July 1, 1987 through June 30, 1988</i>	6.28 percent
<i>from July 1, 1988 through June 30, 1989</i>	6.35 percent
<i>from July 1, 1989 through June 30, 1990</i>	6.42 percent
<i>from July 1, 1990 through June 30, 1991</i>	6.49 percent
<i>from July 1, 1991 and thereafter</i>	6.55 percent

**Minneapolis teachers retirement
fund association**

4.50 percent

**St. Paul teachers retirement
fund association**

<i>from July 1, 1980 through June 30, 1981</i>	4.50 percent
<i>from July 1, 1981 through June 30, 1982</i>	4.542 percent
<i>from July 1, 1982 through June 30, 1983</i>	4.584 percent
<i>from July 1, 1983 through June 30, 1984</i>	4.626 percent
<i>from July 1, 1984 through June 30, 1985</i>	4.668 percent
<i>from July 1, 1985 through June 30, 1986</i>	4.700 percent
<i>from July 1, 1986 through June 30, 1987</i>	4.742 percent
<i>from July 1, 1987 through June 30, 1988</i>	4.784 percent
<i>from July 1, 1988 through June 30, 1989</i>	4.826 percent
<i>from July 1, 1989 through June 30, 1990</i>	4.868 percent
<i>from July 1, 1990 through June 30, 1991</i>	4.900 percent
<i>from July 1, 1991 and thereafter</i>	4.9428 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the state shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

**Minneapolis teachers retirement
fund association**

<i>from July 1, 1980 through June 30, 1981</i>	13.35 percent
<i>from July 1, 1981 through June 30, 1982</i>	14.67 percent
<i>from July 1, 1982 through June 30, 1983</i>	15.99 percent
<i>from July 1, 1983 through June 30, 1984</i>	17.31 percent
<i>from July 1, 1984 through June 30, 1985</i>	18.63 percent
<i>from July 1, 1985 through June 30, 1986</i>	19.95 percent
<i>from July 1, 1986 through June 30, 1987</i>	21.27 percent
<i>from July 1, 1987 through June 30, 1988</i>	22.59 percent
<i>from July 1, 1988 through June 30, 1989</i>	23.91 percent
<i>from July 1, 1989 through June 30, 1990</i>	25.23 percent
<i>from July 1, 1990 through June 30, 1991</i>	26.55 percent

<i>from July 1, 1991 and thereafter</i>	<i>27.25 percent</i>
St. Paul teachers retirement fund association	
<i>from July 1, 1980 through June 30, 1981</i>	<i>12.63 percent</i>
<i>from July 1, 1981 through June 30, 1982</i>	<i>13.40 percent</i>
<i>from July 1, 1982 through June 30, 1983</i>	<i>14.17 percent</i>
<i>from July 1, 1983 through June 30, 1984</i>	<i>14.94 percent</i>
<i>from July 1, 1984 through June 30, 1985</i>	<i>15.71 percent</i>
<i>from July 1, 1985 through June 30, 1986</i>	<i>16.48 percent</i>
<i>from July 1, 1986 through June 30, 1987</i>	<i>17.25 percent</i>
<i>from July 1, 1987 through June 30, 1988</i>	<i>18.02 percent</i>
<i>from July 1, 1988 through June 30, 1989</i>	<i>18.79 percent</i>
<i>from July 1, 1989 through June 30, 1990</i>	<i>19.58 percent</i>
<i>from July 1, 1990 through June 30, 1991</i>	<i>20.33 percent</i>
<i>from July 1, 1991 and thereafter</i>	<i>20.77 percent</i>

The state employer contributions shall be remitted directly to each teachers retirement fund association each month in accordance with the procedures described in section 354.43, subdivisions 1 and 5.

Once each month the executive secretary of each teachers retirement fund association shall determine the amount of money necessary and presently needed to meet the state obligation as provided in this subdivision by applying the percentage of payroll figure to the estimated payroll amounts for the current month and shall certify the amount to the commissioner of finance. The moneys required to meet the amounts certified by each executive secretary of a teachers retirement fund association shall be remitted directly to the applicable teachers retirement fund association from the general fund each month. If subsequent actual experience deviates from the anticipated experience upon which the amount certified was determined, the allocation to the first class city teachers retirement fund association involved next following the discovery of the deviation shall be adjusted. If the state makes an excess employer contribution to a teachers retirement fund association as the result of a false or wrongful certification, the state shall be entitled to recover the excess employer contribution by any appropriate means, including recovery from future state allocations, state aid or other funds payable to the school district in which the association is located. If an employee of that school district is responsible for the false or wrongful certification, any excess employer contribution recovered by the state shall be the obligation of the school district.

From the employer contribution received from the state, the teachers retirement fund association shall subtract and shall pay to the state teachers retirement association an amount equal to the applicable percentage of payroll employer contribution rate applied to that portion of estimated payroll amounts which are paid from sources other than normal school operating funds as certified to the commissioner of finance pursuant to subdivision 3.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which

was referred

S. F. No. 983: A bill for an act relating to retirement; making various administrative changes in the teachers retirement law; authorizing a medical advisor; payment of shortages in member deductions; amending Minnesota Statutes 1980, Sections 354.091; 354.092; 354.44, Subdivisions 4 and 8; 354.48, Subdivisions 2, 4, and by adding a subdivision; 354.51, Subdivision 5; 354.52, Subdivision 4; and 354.62, Subdivisions 4 and 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 1980, Section 354.06, Subdivision 2, is amended to read:

Subd. 2. The board shall annually elect one of its members as president. It shall elect an executive director, and fix his salary *and the salary of the assistant executive director in the unclassified service*. The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the fund. The cost and expense of administering the provisions of this chapter shall be paid by the fund. The executive director shall be appointed by the board on the basis of fitness, experience in the retirement field and leadership ability. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

Sec. 2. Minnesota Statutes 1980, Section 354.06, Subdivision 2a, is amended to read:

Subd. 2a. The management of the association is vested in the executive director who shall be the executive and administrative head of the association. He shall act as advisor to the board on all matters pertaining to the association. He shall also act as the secretary of the board. It is the duty of the executive director and he has the power to:

- (1) Attend all meetings of the board;
- (2) Prepare and recommend to the board rules for the purpose of carrying out the provisions of this chapter;
- (3) Establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) Designate an assistant *executive director in the unclassified service and two assistant executive directors in the classified service* with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of said chapter;
- (5) Organize the work of the association as he deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any of his powers or duties, subject to his control and under such conditions as he may prescribe;
- (6) With the approval of the board, contract for actuarial services, professional management services, and consulting services as may be necessary and

fix the compensation therefor. Such contracts shall not be subject to the competitive bidding procedure prescribed by chapter 16. Professional management services may not be contracted for more often than once in every six years. Copies of all professional management survey reports shall be sent directly to the legislature and the legislative auditor at the same time reports are furnished the board. Only management firms experienced in conducting management surveys of federal, state or local public retirement systems shall be qualified to contract with the director hereunder;

(7) With the approval of the board provide inservice training for all employees of the association;

(8) Make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, all as provided in this chapter;

(9) Determine the amount of the annuities and disability benefits of members covered by the association and authorize payment thereof beginning as of the dates such annuities and benefits begin to accrue, all in accordance with the provisions of said chapter;

(10) Pay annuities, refundments, survivor benefits, salaries and all necessary operating expenses of the association;

(11) Prepare and submit to the board and the legislature an annual report covering the operation of the association, as required by chapter 356;

(12) Certify funds available for investment to the state board of investment;

(13) With the advice and approval of the board request the state board of investment to sell securities when he determines that funds are needed for the purposes of the association;

(14) Prepare and submit biennial and annual budgets to the board and with the approval of the board submit such budgets to the department of administration; and

(15) With the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business."

Page 2, line 2, delete "*under*" and insert "*pursuant to*"

Page 2, line 13, strike "*must*" and insert "*shall*"

Page 2, line 19, strike "*must*" and insert "*shall*"

Page 2, line 24, strike "*his*" and insert "*the*"

Page 2, line 25, after "*credit*" insert "*of the member*."

Page 2, after line 29, insert:

"Sec. 5. Minnesota Statutes 1980, Section 354.41, is amended by adding a subdivision to read:

Subd. 9. Any member who has been granted a leave of absence to serve as an elected officer of a professional teachers organization shall be entitled to acquire allowable service credit for the period of leave. To acquire the allow-

able service credit, the member shall make any required employee contributions currently during the period of the leave, which shall be based upon the contract salary for which the member would have been eligible if the member had not been granted the leave of absence and shall be consistent with the contract in force for the year occurring immediately prior to the commencement of the leave of absence. Any shortage which occurs in the amount of required employee contributions for any year may be paid directly to the fund with interest at the rate of six percent per annum compounded annually on or prior to the last day of the fiscal year next following the occurrence of the shortage."

Page 2, line 34, strike "he" and insert "the member"

Page 4, line 1, after "date" insert "on which"

Page 4, line 6, strike "said" and insert "the"

Page 4, line 22, strike "such" and insert "any"

Page 4, line 24, strike "him" and insert "the member"

Page 4, line 27, strike "him" and insert "the member"

Page 4, line 32, delete "he" and insert "the commissioner"

Page 4, line 36, delete "such" and insert "those"

Page 5, line 4, delete "said"

Page 5, line 5, delete "his"

Page 5, line 6, delete "to him"

Page 5, line 34, after the period, insert "If the shortage payment is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes, or to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit if the employing unit is not supported by property taxes."

Page 6, line 6, strike "such" and insert "the"

Page 6, line 16, strike "him" and insert "the state treasurer"

Page 6, line 18, strike "upon him"

Page 7, line 13, strike the first "such" and insert "the" and strike "such date" and insert "the end of the previous fiscal year"

Page 7, line 27, strike "said" and insert "the"

Page 7, line 31, strike "will" and insert "shall"

Page 7, line 34, strike the first "such" and insert "the" and strike "such date" and insert "the end of the previous fiscal year"

Page 7, line 35, strike "his" and insert "the"

Page 8, line 11, strike "such" and insert "the"

Page 8, line 12, strike "such date" and insert "the end of the previous fiscal

year”

Page 8, line 21, strike “he” and insert “*the member*”

Page 8, line 24, strike “will” and insert “*shall*”

Page 8, line 30, strike “will” and insert “*shall*”

Page 8, line 33, strike “shall”

Page 8, line 35, strike “his” and insert “*the*” and after “accumulation” insert “*of the member*”

Page 9, line 5, strike “Such” and insert “*The*”

Page 9, line 6, strike “board of trustees” and insert “*executive secretary*”

Page 9, after line 6, insert:

“Sec. 15. [EFFECTIVE DATE.]

This act is effective on the day following final enactment.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after “Sections” insert “354.06, Subdivisions 2 and 2a;”

Page 1, line 6, after “354.092;” insert “354.41, by adding a subdivision;”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which was referred

S. F. No. 779: A bill for an act relating to retirement; St. Paul teachers retirement fund association; removing an expiration date on authority to provide post retirement increases in certain instances; authorizing reduced early retirement in certain instances; amending Laws 1979, Chapter 109, Section 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 17, delete “*may be amended*”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which was referred

S. F. No. 712: A bill for an act relating to retirement; city of St. Paul public housing agency; transferring retirement coverage for certain public employees; amending Laws 1977, Chapter 228, Section 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 36, after “by” insert “, and the amount of any employer and employer additional contributions to the public employees retirement association pursuant to Minnesota Statutes, Section 353.27, Subdivisions 3 and 3a, made on behalf of,”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which was referred

S. F. No. 981: A bill for an act relating to retirement; Minneapolis teachers retirement fund association; authorizing the establishment of a lump sum post retirement adjustment program; authorizing service credit for parental leaves.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 12, delete “, employer” and delete “additional”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S. F. No. 440: A bill for an act establishing the North Koochiching county waste water treatment board; prescribing its duties and powers; providing for the treatment and disposal of waste water in described areas.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 and 2, delete section 1

Page 6, line 11, after “chairman” insert “from among its members”

Page 6, line 13, after “present,” insert “and”

Page 7, line 27, delete “18” and insert “17”

Page 7, line 30, before “All” insert “The executive director and”

Page 7, line 31, delete “and”

Page 7, line 33, delete “. The board may”

Page 7, line 34, delete “elect to have them become” and insert “, and shall be”

Page 7, line 34, delete “either”

Page 7, line 35, delete “or the Minnesota state retirement”

Page 7, line 36, delete “system”

Page 10, line 24, after “better” insert a comma

Page 11, line 22, after “made” insert “and regulate the flows in the connections”

Page 11, after line 22, insert:

“(c) Regulate or prohibit illegal or unnecessary discharges of clear water not entering the system at the time of enactment of this act;

(d) Require any person or local government unit to take any action necessary to comply with any applicable federal and state laws, regulations or rules;”

Page 11, line 23, delete “(c)” and insert “(e)”

Page 11, line 25, after "it" insert "*and to monitor the discharge*"

Page 11, line 26, delete "(d)" and insert "(f)"

Page 11, line 28, after "harmful" insert "*to the environment, or*"

Page 11, line 29, delete "(e)" and insert "(g)"

Page 12, delete line 3, and insert "*to regulations governing state or federal grants.*"

Page 12, line 19, delete "13" and insert "12"

Page 13, line 9, after "year" insert "*, less any costs to be allocated to industries pursuant to subdivision 3.*"

Page 13, line 15, after "each" insert "*, less any industrial wastes for which costs have been allocated under subdivision 3.*"

Page 13, after line 25, insert:

"Subd. 3. [ALLOCATION TO INDUSTRIES.] Pursuant to federal and state statutes, regulations and rules, the board shall define industrial wastes, impose requirements on industries, and determine the costs allocable to all industrial wastes and to each industry. An industry is any person commencing discharge of industrial wastes directly or indirectly to the district disposal system after the date of enactment of this section. No industry shall discharge industrial wastes directly or indirectly to the district disposal system except as authorized by a contract between such industry and the board. The contract shall require the industry to pay allocated costs, to comply with requirements imposed by the board, and to perform such other acts as the board determines necessary. The board shall charge to each industry its allocable portion of the costs enumerated in subdivision 1 according to the characteristics of its waste, and the providing of the capacity to treat said wastes.

Subd. 4. [NONPAYMENT BY INDUSTRY; REMEDIES.] If an industry fails to pay to the board the industry's allocated costs, as determined pursuant to subdivision 3 and the contract between the industry and the board, the board may utilize any remedy provided by law, and in addition may certify to the auditor of the county in which the industry is located the amount required for payment with interest at the maximum rate authorized at that time on assessments pursuant to Minnesota Statutes, Section 429.061, Subdivision 2. The auditor shall levy and extend the amount as a tax upon all taxable property owned by the industry located in the district, for the next calendar year, free from any limitation imposed by law or charter. The tax shall be collected in the same manner as other property taxes. The proceeds, when collected, shall be paid by the county treasurer to the board."

Page 13, line 29, delete "9" and insert "8"

Page 14, after line 17, insert:

"Subd. 4. [TAX CONSIDERED SPECIAL LEVY.] Any ad valorem taxes levied under subdivision 3 by the governing body of a government unit to pay any sums charged to it by the board under this act shall be considered special levies within the meaning of Minnesota Statutes, Section 275.50, Subdivision 5."

Page 14, line 18, delete "4" and insert "5"

Page 14, line 36, delete "9" and insert "8"

Page 15, line 18, delete "5" and insert "4"

Page 15, line 20, delete the comma and insert "if"

Page 15, line 21, delete "which" and insert "the project"

Page 18, line 34, delete "9" and insert "8"

Page 20, line 16, delete "12, subdivision 2" and insert "9, subdivision 4, or other provisions of this act"

Page 21, line 27, delete "section 10" and insert "sections 8 and 9"

Page 22, line 11, delete "13" and insert "12"

Page 22, line 12, delete "sections 10 and 12" and insert "section 9"

Page 22, line 21, after the period, insert "*The deposit is subject to the provisions of Minnesota Statutes, Sections 118.005, Subdivision 2; and 118.01.*"

Page 22, line 25, delete everything after the period

Page 22, delete lines 26 to 29

Page 23, after line 26, insert:

"Subd. 6. [AUTHORITY OF STATE AUDITOR.] *The state auditor shall have the same powers and duties with respect to the board as the auditor has with respect to any city under Minnesota Statutes, Chapter 6.*"

Page 25, line 3, delete ". It" and insert a semicolon

Page 25, line 5, before the period, insert "; and may provide at the request of any government unit other technical and administrative assistance the board deems appropriate for the government unit to carry out the powers and duties vested in it under this act or imposed on it by the board"

Page 27, line 27, after the period, insert "*With regard to a facility for which it assumes responsibility from a local government unit, the board shall also have all the powers and duties of the local government unit.*"

Page 28, delete lines 18 to 20 and insert "*assume either alone or jointly with the board all or any part of the responsibility of the local government unit described in subdivisions 1, 2 or 3 and may exercise the powers granted any municipality by Minnesota Statutes, Chapters 117, 412, 429 or 475, or by Sections 115.46, 444.075 or 471.59, in order to perform all acts and things required for the purpose of exercising that responsibility,*"

Page 29, line 7, delete "9" and insert "8"

Page 30, line 10, delete "10" and insert "9"

Page 30, line 15, delete "9" and insert "8"

Page 31, after line 10, insert:

"Sec. 24. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S. F. No. 1040: A bill for an act relating to the environment; clarifying terms and duties in the waste management act; extending time limits for site selections and reports; providing that certain appropriations shall remain available until expended; amending Minnesota Statutes 1980, Sections 115A.03, Subdivisions 15 and 29; 115A.06, Subdivision 4, and by adding a subdivision; 115A.08, Subdivisions 4, 5 and 6; 115A.09; 115A.11, Subdivision 1; 115A.19; 115A.20; 115A.21, Subdivisions 1 and 2; 115A.22, Subdivisions 3 and 4; 115A.23; 115A.24; 115A.26; 115A.28, Subdivision 2; 115A.33; 115A.37, Subdivision 2; 115A.54, Subdivision 3; 116.07, Subdivisions 2 and 4; 116.41, Subdivision 2; 400.161; 473.149, Subdivisions 2c and 2e; 473.153, Subdivisions 1, 2 and 6; 473.803, Subdivision 1a; 473.811, Subdivision 5b; and 473.833, Subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 5, delete "of" and insert "*the proposing entity submits the site for*"

Page 2, after line 13, insert:

"Sec. 3. Minnesota Statutes 1980, Section 115A.05, Subdivision 3, is amended to read:

Subd. 3. [TEMPORARY MEMBERS.] For the purposes of each project review conducted by the board under sections 115A.18 to 115A.30 and 115A.32 to 115A.39 and for the purpose of preparing and adopting the hazardous waste management plan under section 115A.11 and making decisions on the elements of the certification of need for disposal required under sections 115A.18 to 115A.30, six local representatives shall be added to the board as temporary voting members, as provided in sections 115A.22, subdivision 4, and 115A.34. The provisions of section ~~15.075~~ 15.0575, subdivisions 3 and 4 relating to compensation, removal, and vacancy shall apply to temporary members except that the rate of compensation shall be \$50 per day spent on board activities *and any appointment by the governor to fill a vacancy shall take effect in the same manner as an original appointment.*"

Page 2, line 24, delete "including" and insert "and"

Page 3, line 27, strike "sites and buffer" and insert "*preferred*"

Page 6, line 36, strike "November" and insert "*January*"

Page 7, line 1, strike "1981" and insert "1982"

Page 7, line 30, strike "June" and insert "*August*"

Page 7, line 32, after "commission" insert "*or metropolitan council*"

Page 7, line 33, strike "Any"

Page 7, lines 34 to 36, strike the existing language and delete the new language

Page 8, lines 1 and 2, strike the existing language and delete the new language

Page 8, line 3, strike "and" and insert *"The publications and mailing shall include notice of hearings on the board's proposal. The hearings"*

Page 8, line 9, before the period, insert *"and any local government unit in which an area is proposed for inclusion in the inventory may propose an alternative site or sites within that local unit"*

Page 8, line 9, after the period insert *"The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the board and additional information on the proposed area or alternative areas which is relevant to the board's decision on the areas to be included in the inventory. The contested case procedures of chapter 15 shall not apply to this hearing."*

Page 8, line 10, after the period insert *"The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing."*

Page 9, line 24, delete *"the administrative procedure act"* and insert *"chapter 15 on criteria and standards"*

Page 11, line 29, delete *"all"*

Page 11, line 36, after *"board"* insert *"through its chairperson"*

Page 12, line 1, delete everything after *"of"*

Page 12, line 2, delete everything before the period and insert *"hearings on the board's proposal and the director's recommendation"*

Page 12, line 11, after *"conducted"* insert *"by the state office of administrative hearings"*

Page 12, line 13, after the period insert: *"The hearings shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the board and additional information on the proposed sites which is relevant to the board's decision on candidate sites and the agency's decision on intrinsic suitability. The contested case procedures of chapter 15 shall not apply to these hearings."*

Page 12, line 14, reinstate the stricken language and after the period, insert *"The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing."*

Page 12, line 16, delete *"the"* and insert *"each"*

Page 12, line 16, delete *"sites"* and insert *"site"*

Page 12, line 16, delete *"them"* and insert *"the sites"*

Page 13, line 6, after the period, insert *"Temporary board members shall serve for terms lasting until the board has taken final action pursuant to section 115A.28 and, in the case of members representing the site or sites finally chosen for the facility, until the commencement of the operation of the facility at that site."*

Page 15, line 7, before "*the*" insert "*a facility established pursuant to*"

Page 15, line 27, correct the spelling of "*seuage*"

Page 16, line 6, delete "*to operate a solid waste*"

Page 16, lines 7 to 9, delete the new language and insert "*for a disposal facility for the nonhazardous sludge, ash, or other solid waste generated by a permitted hazardous waste processing facility operated by the person*"

Page 16, after line 20, insert:

"Sec. 22. Minnesota Statutes 1980, Section 115A.34, is amended to read:

115A.34 [APPOINTMENT OF TEMPORARY BOARD MEMBERS.]

Within 45 days of the submission of a request determined by the board to satisfy the requirements for review under sections 115A.32 to 115A.39, temporary board members shall be added to the board for the purpose of the supplementary review. Three members shall be selected by the governing body of the city or town in which the chairperson of the waste management board determines the facility would be principally located, and three members shall be selected by the governing body of the county in which the chairperson of the waste management board determines the proposed facility would be principally located. If the proposed facility is located in unorganized territory, all six members shall be selected by the governing board of the county. Temporary members shall be residents of the county in which the proposed facility would be located and shall be selected to represent broadly the local interests that would be directly affected by the proposed facility. At least one member appointed by the city or town shall live within one mile of the proposed facility, and at least one member appointed by the county shall be a resident of a city or town in which the proposed facility would be located. *If the appointing authority fails to appoint temporary board members in the period allowed, the governor shall appoint the temporary members to represent the local interests in accordance with this section.* Temporary board members shall serve for terms lasting until the board has taken final action on the facility."

Page 16, line 27, delete "*decision*" and insert "*facility*"

Page 23, line 18, delete "*are*" and insert "*shall*"

Page 23, line 18, after "*not*" insert "*be*"

Page 24, line 8, after "*shall*" insert "*embody and*"

Page 24, line 9, after the period insert "*Counties shall submit adopted ordinances to the agency for review.*"

Page 24, line 10, delete "*within 120 days*"

Page 24, line 10, after "*and*" insert "*shall*"

Page 24, line 11, delete "*resubmit them*" and insert "*submit the modification*"

Page 24, line 11, after "*review*" insert "*within 120 days*"

Page 24, after line 23, insert:

"Sec. 29. Minnesota Statutes 1980, Section 473.149, Subdivision 2b, is amended to read:

Subd. 2b. [INVENTORY OF SOLID WASTE DISPOSAL SITES.] By ~~October 1, 1981~~ January 1, 1982, the council shall adopt by resolution an inventory of eligible solid waste disposal sites and buffer areas within the metropolitan area. The council's inventory shall be composed of the sites and buffer areas proposed by the counties and reviewed and approved by the council pursuant to section 473.803, subdivision 1a. If a county does not have an approved inventory, the council shall adopt the required inventory for the county, following investigations by the council and public hearings as the council deems appropriate. The council's inventory shall satisfy all requirements and standards described in section 473.803, subdivision 1a, for sites and buffer areas proposed by counties. For sites and buffer areas included in the council's inventory, the moratorium imposed under section 473.803, subdivision 1a, shall extend until October 1, 1983."

Page 25, line 30, delete "facility"

Page 25, line 31, delete "of" and insert "for"

Page 25, after line 32, insert:

"Sec. 32. Minnesota Statutes 1980, Section 473.149, is amended by adding a subdivision to read:

Subd. 4a. [RIGHT OF ACCESS.] Whenever the council deems it necessary to the evaluation of a disposal site or buffer area under chapter 473, the council, or any member, employee, or agent thereof when authorized by it, may enter upon any public or private property for the purpose of obtaining information or conducting surveys or investigations if the entrance and activity are undertaken after reasonable notice and during normal business hours. The council shall compensate for any damage to the property caused by the entrance and activity."

Page 26, line 12, strike "1" and insert "15"

Page 26, line 31, delete "The council shall submit a"

Page 26, delete lines 32 to 36

Page 27, line 1, delete "the administrative procedure act" and insert:

"The council shall provide to the agency data relating to the intrinsic suitability of the sites to be proposed as candidate sites as soon as available but no later than August 15, 1981. By September 1, 1981, the council shall propose at least six locations as candidate sites and the director of the agency shall issue a notice indicating which of those sites the director recommends be certified as intrinsically suitable. The director shall publish notice of a consolidated hearing on the director's recommendation. Notice shall be published in the state register and newspapers of general circulation in the metropolitan area and shall be sent by mail to local government units containing a proposed candidate site. The hearing shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings and the hearing examiner's report to the agency in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the council and additional information on the proposed sites which is relevant to the agency's decision on intrinsic suitability. The contested case procedures of chapter 15 shall not

apply to this hearing. The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suitability of each proposed site and shall certify them accordingly by November 1, 1981. The agency shall not be required to promulgate rules pursuant to chapter 15 on criteria and standards to govern its certification of intrinsic suitability under this section. No action of the agency shall be held invalid by reason of the agency's failure to notify any of the entities listed in this subdivision"

Page 27, after line 18, insert:

"Sec. 35. Minnesota Statutes 1980, Section 473.801, is amended by adding a subdivision to read:

Subd. 4. Unless otherwise provided, the definitions in section 115A.03 shall apply to sections 473.801 to 473.823."

Page 27, line 22, delete "*September*" and strike "*1*" and insert "*October 15*"

Page 28, line 5, strike "*approved*" and insert "*adopted*"

Page 28, line 5, after "*by*" insert "*a county or*"

Page 28, line 5, after "*council*" insert "*as part of an inventory*"

Page 28, lines 13 to 19, delete the new language and insert "Each county shall provide to the agency data relating to the intrinsic suitability of the sites to be proposed for the inventory as soon as available but no later than June 15, 1981. By July 1, 1981 each county shall propose at least the number of sites required for the inventory, and the director of the agency shall issue a notice indicating which of those sites the director recommends be certified as intrinsically suitable. Notice of hearings on the director's recommendation shall be published in the state register and newspapers of general circulation in the metropolitan area and shall be sent by mail to the metropolitan council and local government units containing a proposed inventory site. A hearing shall be held by the state office of administrative hearings in each metropolitan county and shall be conducted in a manner consistent with the completion of the proceedings and the hearing examiner's report to the agency in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the county and additional information on the proposed sites which is relevant to the agency's decision on intrinsic suitability. The contested case procedures of chapter 15 shall not apply to this hearing. The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suitability of each proposed site and shall certify them accordingly by October 1, 1981. The agency shall not be required to promulgate rules pursuant to chapter 15 on criteria and standards to govern its certification of intrinsic suitability under this section. No action of the agency shall be held invalid by reason of the agency's failure to notify any of the entities listed in this subdivision."

Page 29, after line 8, insert:

"Sec. 37. Minnesota Statutes 1980, Section 473.811, Subdivision 2, is

amended to read:

Subd. 2. [COUNTY FINANCING OF FACILITIES.] Each metropolitan county may by resolution authorize the issuance of bonds to provide funds for the acquisition or betterment of solid waste facilities, *related transmission facilities*, or property or property rights for ~~a solid waste facility~~ *the facilities*, or for refunding any outstanding bonds issued for any such purpose, and may pledge to the payment of the bonds and the interest thereon, its full faith, credit and taxing powers, or the proceeds of any designated tax levies, or the gross or net revenues or charges to be derived from any facility operated by or for the county, or any combination thereof. Taxes levied for the payment of the bonds and interest shall not reduce the amounts of other taxes which the county is authorized by law to levy. *The proceeds of the bonds may be used in part to establish a reserve as further security for the payment of the principal and interest of the bonds when due. Revenue bonds issued pursuant to this section may be sold at public or private sale upon such conditions as the county board shall determine. Any bonds to which the full faith, credit and taxing powers of the county are pledged shall be sold in accordance with the provisions of chapter 475.* No election shall be required to authorize the issuance of the bonds. Except as otherwise provided, the bonds shall be issued and sold in accordance with the provisions of chapter 475.

Sec. 38. Minnesota Statutes 1980, Section 473.811, is amended by adding a subdivision to read:

Subd. 2a. [COUNTY SOLID WASTE INDUSTRIAL DEVELOPMENT REVENUE BONDS.] A metropolitan county may issue revenue bonds to finance solid waste and related facilities projects located inside or outside the boundaries of cities or towns described in section 368.01 under and pursuant to the provisions of chapter 474.

Sec. 39. Minnesota Statutes 1980, Section 473.811, Subdivision 3, is amended to read:

Subd. 3. [COUNTY OPERATION OF FACILITIES.] Each metropolitan county may operate and maintain solid waste facilities, and for this purpose may employ all necessary personnel, may adopt regulations governing operation, and may establish and collect reasonable, non-discriminatory rates and charges for the use of the facilities by any local government unit or person, estimated to be sufficient, with any other moneys appropriated for the purpose, to pay all costs of acquisition, operation and maintenance. Each metropolitan county may use itself or sell all or any part of materials or energy recovered from solid waste to private interests or public agencies for consumption or reuse by them. Section 471.345 and Laws 1951, Chapter 556, as amended shall not apply to the sale of the materials or energy ~~provided that the dealings of each county shall be on a competitive basis so as not to create an unfair or unreasonable advantage or restraint of trade on the part of the county.~~

Sec. 40. Minnesota Statutes 1980, Section 473.811, Subdivision 4, is amended to read:

Subd. 4. [COUNTY CONTRACTS.] Each metropolitan county may contract for the *acquisition or use* of existing public or private solid waste facilities *or any facilities deemed necessary or useful for resource recovery from solid waste* and may contract with any person for the operation ~~and or~~ maintenance,

or both, of any solid waste facility owned by the county. The contract shall provide for the operation ~~and~~ or maintenance, or both, of the facility in accordance with any regulations, criteria, and standards of the agency, the metropolitan council and the county relating thereto. Any contract for the operation or maintenance of a solid waste facility may provide for the sale of solid waste, materials, electric energy, steam or other product to the operator or for a fee payable to the operator, which may be a fixed fee, or a fee based on tonnage or a percentage of income or other measure, or any combination thereof. A metropolitan county shall have power to warrant to the operator of a solid waste facility or contract purchaser of any solid waste, materials, electric energy, steam or other product the quality, composition and available quantity of the solid waste, materials, electric energy, steam or other product to be sold or delivered.

Sec. 41. Minnesota Statutes 1980, Section 473.811, is amended by adding a subdivision to read:

Subd. 4b. [CONTRACTS; NEGOTIATION.] Notwithstanding any other law, a metropolitan county may contract for the acquisition, construction, improvement, maintenance or operation of solid waste facilities, related transmission facilities, or property or property rights for the facilities by any means available and in the manner determined by the county board, with or without advertisement for bids. A metropolitan county may select and employ a construction manager for construction and acquisition of solid waste facilities or property or property rights for solid waste facilities and negotiate and enter into a construction management agreement, which may but need not include a guaranteed maximum price. A construction manager shall give a bond to the county in accordance with section 574.26 if a construction management agreement provides for a guaranteed maximum price, provided that the amount of any bond furnished by any contractor or subcontractor for performance of and payment of labor and materials under a contract or subcontract for solid waste facilities or property or property rights for solid waste facilities included in the guaranteed maximum price may be substituted to the extent of the bond amount for the bond of the construction manager. A construction management agreement for acquisition and construction of solid waste facilities or property or property rights for solid waste facilities may be combined with a contract for maintenance or operation, or both, of such facilities and negotiated with the same person."

Page 29, line 21, after "shall" insert "embody and"

Page 29, line 22, after the period insert "Counties shall submit adopted ordinances to the agency for review."

Page 29, line 23, delete "within 120 days"

Page 29, line 24, delete "resubmit them" and insert "shall submit the modification"

Page 29, line 25, after "review" and before the period, insert "within 120 days"

Page 29, after line 35, insert:

"Sec. 43. Minnesota Statutes 1980, Section 473.811, Subdivision 8, is amended to read:

Subd. 8. [COUNTY SALE OR LEASE.] Each metropolitan county may sell or lease any facilities or property or property rights previously used or acquired to accomplish the purposes specified by sections 473.149, 473.151, and 473.801 to 473.823 and sections 473.827, 473.831, 473.833, and 473.834. Such property may be sold in the manner provided by section 458.196, *or may be sold in the manner and on the terms and conditions determined by the county board*. Each metropolitan county may convey to or permit the use of any such property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired pursuant to this section, may be disposed of in any manner unless and until the county shall have submitted to the agency and the metropolitan council for review and comment the terms on and the use for which the property will be disposed of. The agency and the council shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.

Sec. 44. Minnesota Statutes 1980, Section 473.831, Subdivision 1, is amended to read:

Subdivision 1. [GENERAL OBLIGATION BONDS.] Following the adoption of the revisions to its policy plan required by section 473.149, subdivision 2e, the council may by resolution authorize the issuance of general obligation bonds of the council to provide funds for the acquisition of sites and surrounding buffer areas for development as solid waste disposal facilities pursuant to this section and section 473.833 and to provide funds for refunding obligations issued under this section. The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for general obligation bonds, and the council shall have the same power and duties as a municipality and its governing body in issuing bonds under chapter 475, except as otherwise provided in this chapter. No election shall be required, and the net debt limitations in chapter 475 shall not apply. *The council shall have the power to levy ad valorem taxes for debt service of the council's solid waste bonds upon all taxable property within the metropolitan area, without limitation of rate or amount and without affecting the amount or rate of taxes which may be levied by the council for other purposes or by any local government unit in the area. Each of the county auditors shall annually assess and extend upon the tax rolls in his county the portion of the taxes levied by the council in each year which is certified to him by the council. The principal amount of bonds issued pursuant to this section shall not exceed \$15,000,000.*

Page 30, after line 8, insert:

"Sec. 46. Minnesota Statutes 1980, Section 473.834, Subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF DEBT SERVICE.] The annual debt service on the council's solid waste bonds, issued under section 473.831, shall be annually apportioned *and certified* by the council to each ~~city and town~~ county in the metropolitan area, in the proportion that the assessed value of all taxable property within ~~such city or town~~ *each county* bears to the assessed value of the taxable property in all ~~such cities and towns~~, *as last finally equalized before October 1 in the year in which the allocation is made the counties*, except that the apportionment to each county shall first be adjusted to reflect exemptions from payment required by subdivision 1 and reductions in payment required by

subdivision 3."

Page 30, after line 17, insert:

"Subd. 3. The two positions in the unclassified service created in Laws 1980, Chapter 564, Article XII, Section 1, Subdivision 6, shall not cancel when the appropriation is expended. The continuation of the positions is dependent upon the availability of money in the general services revolving fund, resource recovery account established in section 115A.15, subdivision 6.

Sec. 48. [REPEALER.]

Minnesota Statutes 1980, Section 473.834, Subdivisions 4 and 5, are repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "clarifying and changing waste management powers of metropolitan counties;"

Page 1, line 7, after "29;" insert "115A.05, Subdivision 3;"

Page 1, line 12, after "115A.33;" insert "115A.34;"

Page 1, line 15, before "2c" insert "2b,"

Page 1, line 15, after "2e" insert ", and by adding a subdivision"

Page 1, line 16, after "6;" insert "473.801, by adding a subdivision;"

Page 1, line 16, delete "Subdivision 5b" and insert "Subdivisions 2, 3, 4, 5b, and 8, and by adding subdivisions"

Page 1, line 16, after "5b;" insert "473.831, Subdivision 1;"

Page 1, line 17, delete "and"

Page 1, line 17, before the period insert "; and 473.834, Subdivision 2; repealing Minnesota Statutes 1980, Section 473.834, Subdivisions 4 and 5"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 993: A bill for an act relating to children; authorizing counties to establish multidisciplinary child protection teams; proposing new law coded in Minnesota Statutes, Chapter 626.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, lines 10 to 18, delete subdivisions 1 and 2

Page 1, line 19, delete "Subd. 3." and insert "Subdivision 1."

Page 2, line 3, delete "Minnesota Statutes,"

Page 2, lines 6 and 7, delete "Minnesota Statutes,"

Page 2, line 12, delete "This act" and insert "Section 1"

Renumber the subdivisions in sequence

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 945: A bill for an act relating to public welfare; defining homestead for purposes of receiving medical assistance and aid to families with dependent children; amending Minnesota Statutes 1980, Sections 256.73, Subdivision 2; and 256B.06, Subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete "*the smallest parcel*"

Page 1, line 21, delete everything before the semicolon and insert "*two contiguous lots in a platted or laid out city or town or one acre in unplatted land*"

Page 3, line 8, delete "*the smallest*"

Page 3, delete line 9

Page 3, line 10, delete "*regulations*" and insert "*two contiguous lots in a platted or laid out city or town or one acre in unplatted land*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Knoll from the Committee on Governmental Operations, to which was re-referred

S. F. No. 294: A bill for an act relating to employment; providing assistance to employees who lose their jobs, affected communities and businesses which may suffer due to business closings, plant relocations, and reductions in operations; requiring advance notification to affected employees, employee organizations, municipalities, and the state of business closings, plant relocations, and reductions of operations; prescribing duties of certain departments, governmental bodies, and officers with respect to business closings, plant relocations, and reductions of operations; creating the Minnesota community, business and job preservation board; providing penalties; proposing new law coded as Minnesota Statutes, Chapter 268A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 14, delete "*an*" and insert "*a full-time*"

Page 2, line 23, delete "*for*"

Page 2, line 24, delete "*five or more years and at which employees*" and insert "*which has employed at least 100 employees for at least six months during the preceding year, some of*"

Page 2, line 26, delete "*are employed*" and delete everything after the period

Page 2, delete line 27

Page 2, line 28, delete "*establishments.*"

Page 2, line 32, after "*each*" insert "*home rule or statutory*" and delete "*township*" and insert "*town*"

Page 3, line 15, delete everything after "*years*"

Page 3, line 16, delete everything before the period and insert "*and operates at least one other facility in the state*"

Page 3, line 17, after "*include*" insert "*the federal government,*"

Page 4, line 1, delete "*ten*" and insert "*25*"

Page 4, line 26, after "*governor*" insert "*with the advice and consent of the senate*"

Page 5, line 7, after "*governor*" insert "*with the advice and consent of the senate*"

Page 7, line 34, delete "*270*" and insert "*90*"

Page 8, line 17, delete "*90*" and insert "*45*"

Page 8, line 22, after "*order*" insert "*to implement a plan of action and*"

Page 9, lines 31 and 36, delete "*270*" and insert "*90*"

Page 10, line 9, delete "*270*" and insert "*90*"

Page 10, line 9, delete everything after "*the*"

Page 10, line 10, delete "*establishment*" and insert "*board, in cooperation with the local action committee,*"

Page 10, delete lines 23 to 25

Page 11, line 5, delete "*and shall*" and insert a period

Page 11, delete lines 6 to 18

Renumber the subdivisions in sequence

Page 12, line 14, delete everything after "*general*"

Page 12, line 15, delete "*employer*"

Page 12, line 15, after "*In*" delete "*the*" and insert "*any*"

Page 13, line 5, delete "*shall be*" and insert "*are*"

Page 13, line 5, delete "*, and*" and insert a period

Page 13, after line 10, insert:

"Sec. 13. [APPROPRIATION.]

The sum of \$..... is appropriated to the commissioner of the department of economic security from the general fund for the purposes and use of the Minnesota community, business and job preservation board."

Amend the title as follows:

Page 1, line 14, after "*penalties;*" insert "*appropriating money;*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which

was referred

S. F. No. 876: A bill for an act relating to state government; improving the state's personnel management and labor relations functions; proposing new law coded as Minnesota Statutes, Chapter 43A; repealing Minnesota Statutes, Chapter 43.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [43A.01] [POLICIES.]

Subdivision 1. [GENERAL.] It is the policy of the state to maintain an efficient and effective merit based personnel management system to meet the management needs of the state and the social, economic and program needs of the people of the state. The system shall provide means to recruit, select and develop an effective, productive and responsive work force representative of the labor market according to the demands of society, equity and law, and shall include policies and procedures for employee hiring and advancement, training and career development, job classification, salary administration, employee benefits, discipline, discharge, retirement and other related activities as appropriate, taking into consideration formal and informal labor relations arrangements.

Subd. 2. [PRECEDENCE OF MERIT PRINCIPLES AND NONDISCRIMINATION.] It is the policy of this state to provide for equal employment opportunity consistent with chapter 363 by ensuring that all personnel actions be based on the ability to perform the duties and responsibilities assigned to the position without regard to age, race, creed or religion, color, disability, sex, national origin, marital status, status with regard to public assistance, or political affiliation. It is the policy of this state to take affirmative action to eliminate the underutilization of qualified members of protected groups in the civil service, where such action is not in conflict with other provisions of this chapter or chapter 179, in order to correct imbalances and eliminate the present effects of past discrimination.

No contract executed pursuant to chapter 179 shall modify, waive or abridge sections 1, 7 to 13, 15, and 17 to 21, except to the extent expressly permitted in those sections.

Sec. 2. [43A.02] [DEFINITIONS.]

Subdivision 1. [INTERPRETATION.] Unless the language or context indicates that a different meaning is intended, the following terms, for the purposes of this act, have the meanings given them in this section.

Subd. 2. [AGENCY.] “Agency” means a department, commission, board, institution, or other employing entity of the civil service, in which all positions are under the same appointing authority.

Subd. 3. [ALLOCATION.] “Allocation” means the assignment of an individual position to an appropriate class on the basis of the kind, difficulty, or responsibility of the work performed in the position.

Subd. 4. [APPLICANT.] “Applicant” means a person who has completed a state application for employment and has submitted it to the department of

employee relations or other appointing authority who has been delegated authority to recruit and examine individuals for state jobs.

Subd. 5. [APPOINTING AUTHORITY.] *"Appointing authority" means a person or group of persons empowered by the constitution, statute, or executive order to employ persons in or to make appointments to positions in the civil service.*

Subd. 6. [APPOINTMENT.] *"Appointment" means the act of filling a vacancy by placement of a person in a civil service position through selection from an eligible list or a noncompetitive or qualifying process including transfer, demotion or reinstatement.*

Subd. 7. [CANDIDATE.] *"Candidate" means an applicant whose application for employment has been accepted into the examination process for a class.*

Subd. 8. [CERTIFICATION.] *"Certification" means the referral of names from an eligible list to an appointing authority to fill vacant positions in the classified service.*

Subd. 9. [CHANGE IN ALLOCATION.] *"Change in allocation" means reclassification resulting from abrupt, management-imposed changes in the duties and responsibilities of a position.*

Subd. 10. [CIVIL SERVICE.] *"Civil service" means all employees in the legislative, judicial and executive branches of state government and all positions in the classified and unclassified services as provided in sections 7 and 8.*

Subd. 11. [CLASS.] *"Class" means one or more positions sufficiently similar with respect to duties and responsibilities that the same descriptive title may be used with clarity to designate each position allocated to the class and that the same general qualifications are needed for performance of the duties of the class, that the same tests of fitness may be used to recruit employees, and that the same schedule of pay can be applied with equity to all positions in the class under the same or substantially the same employment conditions.*

Subd. 12. [CLASSIFIED SERVICE.] *"Classified service" means all positions now existing or hereafter created in the civil service and not specifically designated unclassified pursuant to section 8.*

Subd. 13. [COMMISSIONER.] *"Commissioner" means the commissioner of employee relations.*

Subd. 14. [COMMISSIONER'S PLAN.] *"Commissioner's plan" means the plan required by section 3.855 regarding total compensation and terms and conditions of employment, including grievance administration, for employees of the executive branch who are not otherwise provided for in this act or other law.*

Subd. 15. [COMPETITIVE OPEN.] *"Competitive open" means eligibility to compete in an examination for state employment is extended to all interested persons.*

Subd. 16. [COMPETITIVE PROMOTIONAL.] *"Competitive promotional" means eligibility to compete in an examination for state employment is limited to persons currently occupying, or on leave or layoff from, civil service positions.*

Subd. 17. [DECLASSIFIED POSITION.] *"Declassified position" means a position which is removed from the classified service and placed in the unclassified service.*

Subd. 18. [DEPARTMENT.] *"Department" means the department of employee relations.*

Subd. 19. [ELIGIBLE.] *"Eligible" means a person whose name is on an eligible list.*

Subd. 20. [ELIGIBLE LIST.] *"Eligible list" means a list of candidates qualified under provisions of this act for employment in a specific class.*

Subd. 21. [EMPLOYEE.] *"Employee" means any person currently occupying, or on leave from, a civil service position.*

Subd. 22. [EXECUTIVE BRANCH.] *"Executive branch" means heads of all agencies of state government, elective or appointive, established by statute or constitution and all employees of those agency heads who have within their particular field of responsibility statewide jurisdiction and who are not within the legislative or judicial branches of government. The executive branch also includes employees of the iron range resources and rehabilitation board. The executive branch does not include agencies with jurisdiction in specifically defined geographical areas, such as regions, counties, cities, towns, municipalities, or school districts, the University of Minnesota, the public employees retirement association, the Minnesota state retirement system, the teachers retirement association, the Minnesota historical society, and all of their employees, and any other entity which is incorporated, even though it receives state funds.*

Subd. 23. [INTERMITTENT EMPLOYEE.] *"Intermittent employee" means an employee who works an irregular and uncertain schedule which alternately begins, ceases and begins again as the needs of the agency require.*

Subd. 24. [INTERN.] *"Intern" means an individual who, for a work experience, is receiving academic credit from or is fulfilling an academic requirement of, an accredited educational institution.*

Subd. 25. [JUDICIAL BRANCH.] *"Judicial branch" means all justices of the supreme court, all employees of the supreme court, including commissions, boards and committees established by the supreme court, the board of law examiners, the law library, the office of the public defender, and all judges of all courts of law and other agencies placed in the judicial branch by law.*

Subd. 26. [LAYOFF LIST.] *"Layoff list" means an eligible list by class of former permanent or probationary employees who have been terminated from positions in the class because of a shortage of funds or curtailment of service or for any other reason beyond their control not reflecting discredit on the employee.*

Subd. 27. [LEGISLATIVE BRANCH.] *"Legislative branch" means all legislators and all employees of the legislature, legislative committees or commissions.*

Subd. 28. [MANAGERIAL.] *"Managerial" means those positions designated by the commissioner or statute as being accountable for determining, securing, and allocating human, financial, and other resources needed to*

accomplish objectives. Positions in this category also are accountable for determining overall objectives, priorities, and policies within a program area. Higher level positions in this category handle significant and involved relationships with governmental leadership. Incumbents of these positions have the authority to exercise discretionary powers on a regular basis.

Subd. 29. [OFFICER.] For purposes of chapter 15A the term "officer" may be used interchangeably with the term "employee" within the executive branch.

Subd. 30. [PERMANENT STATUS.] "Permanent status" means the state or condition achieved by a tenured laborer or by an employee in the classified service who has successfully completed an initial probationary period or a probationary period required following reinstatement or reemployment, or whose probationary period is waived through specific statutory direction.

Subd. 31. [POSITION.] "Position" means a group of duties and responsibilities assigned or delegated by competent authority, requiring the full-time or less than full-time employment of one person.

Subd. 32. [PROBATIONARY PERIOD.] "Probationary period", part of the examination process, means a working period following unlimited appointment to a position in the classified service, during which the employee is required to demonstrate ability to perform the duties and fulfill the responsibilities of the position.

Subd. 33. [PROTECTED GROUPS.] "Protected groups" means females; handicapped persons; members of the following minorities: Black, Hispanic, Asian or Pacific Islander, American Indian or Alaskan native; and, until 1989, veterans who served in the military service of this country during the period from August 5, 1964 to May 7, 1975, and separated under honorable conditions from any branch of the armed forces of the United States after having served on active duty for 181 consecutive days or because of disability incurred while serving on active duty and who are permanent residents of the state of Minnesota.

Subd. 34. [QUALIFYING APPOINTMENT.] "Qualifying appointment" means the selection, from other than an eligible list, of a candidate who has demonstrated through an examination process that the candidate meets minimum job related requirements.

Subd. 35. [REALLOCATION.] "Reallocation" means reclassification resulting from significant changes over a period of time in the duties and responsibilities of a position.

Subd. 36. [RECLASSIFICATION.] "Reclassification" means changing the allocation of a position to a higher, lower or equivalent class.

Subd. 37. [REEMPLOYMENT LIST.] "Reemployment list" means an eligible list by class of current or former permanent or probationary employees laid off, demoted in lieu of layoff, or separated in good standing from the class, and whose written applications for consideration for reemployment in the class have been approved by the commissioner.

Subd. 38. [TOTAL COMPENSATION.] "Total compensation" means salaries, cash payments and employee benefits including paid time off, group insurance benefits, and other direct and indirect items of compensation with

the exception of retirement plans.

Subd. 39. [UNCLASSIFIED SERVICE.] "Unclassified service" means all positions designated not being classified pursuant to section 8.

Subd. 40. [UNLIMITED APPOINTMENT.] "Unlimited appointment" means an appointment for which there is no specified maximum duration.

Sec. 3. [43A.03] [DEPARTMENT OF EMPLOYEE RELATIONS.]

Subdivision 1. [CREATION.] The department of employee relations is created under the control and direction of the commissioner.

Subd. 2. [COMMISSIONER.] The commissioner shall be appointed by the governor under the provisions of section 15.06. The commissioner shall be knowledgeable in executive personnel management and shall have background in labor relations.

Subd. 3. [ORGANIZATION.] The department shall be organized into two bureaus which shall be designated the personnel bureau and the labor relations bureau. Each bureau shall be responsible for administering the duties and functions assigned to it by law. When the duties of the bureaus are not mandated by law, the commissioner may establish and revise the assignments of either bureau. Each bureau shall be under the direction of a deputy commissioner.

Subd. 4. [DEPUTY COMMISSIONERS.] The deputy commissioners of the personnel and labor relations bureaus shall be in the unclassified service and shall be appointed by and serve at the pleasure of the commissioner.

Subd. 5. [CONFIDENTIAL SECRETARY.] The commissioner may appoint a confidential secretary, who shall serve at the pleasure of the commissioner in the unclassified service.

Sec. 4. [43A.04] [GENERAL POWERS AND RESPONSIBILITIES OF COMMISSIONER.]

Subdivision 1. [STATEWIDE LEADERSHIP.] The commissioner shall be the chief personnel and labor relations manager of the civil service in the executive branch.

(a) Whenever any power or responsibility is given to the commissioner by any provision of this act, unless otherwise expressly provided, the power or authority shall apply to all employees of agencies in the executive branch and to employees in classified positions in the office of the legislative auditor, the Minnesota state retirement system and the teacher's retirement association.

(b) The commissioner shall operate an information system from which personnel data, as defined in section 15.1692, concerning employees and applicants for positions in the classified service can be retrieved.

The commissioner shall have access to all public and private personnel data kept by appointing authorities which will aid in the discharge of the commissioner's duties.

(c) The commissioner may consider and investigate any matters concerned with the administration of provisions of this act and may order any remedial actions consistent with law.

Subd. 2. [EXECUTIVE DIRECTION.] The commissioner shall direct all

departmental services, appoint employees and may enter into contracts to carry out the provisions of this act.

Subd. 3. [RULES.] The commissioner shall promulgate rules pursuant to the administrative procedure act to implement the provisions of this act which directly affect the rights of or processes available to the general public. The rules shall have the force and effect of law and shall include but are not limited to:

(a) The processes for determining the extent of competition for filling vacancies, for recruiting applicants, for conducting competitive open examinations, for ranking candidates and maintaining competitive open eligible lists, and for certification and appointment of eligibles from competitive open eligible lists;

(b) The process for effecting noncompetitive and qualifying appointments;

(c) The process for temporary designation of positions in the unclassified service and for effecting appointments to the unclassified service;

(d) A statewide affirmative action program to include requirements for agency affirmative action plans, statewide policies and procedures, reporting requirements, accountability and responsibility of employees in the executive branch, and overall objectives of the program;

(e) Conditions under which moving and other expenses may be authorized and paid prior to appointment to persons who have accepted state employment;

(f) Establishment of procedures and rates of reimbursement governing payment of travel expenses for members of boards and commissions and other persons providing services to the state; and

(g) Procedures for administration of the code of ethics for employees of the executive branch.

Subd. 4. [ADMINISTRATIVE PROCEDURES.] The commissioner shall develop administrative procedures to effect provisions of this act which do not directly affect the rights of or processes available to the general public. The administrative procedures shall not be subject to the rulemaking provisions of the administrative procedure act. They shall be reproduced and made available for comment to agencies, employees, and appropriate exclusive representatives certified pursuant to sections 179.61 to 179.76, for at least 15 days prior to implementation and shall include but are not limited to:

(a) Maintenance and administration of a plan of classification for all positions in the classified service and for comparisons of unclassified positions with positions in the classified service;

(b) Procedures for administration of collective bargaining agreements and plans established pursuant to section 18 concerning total compensation and the terms and conditions of employment for employees;

(c) Procedures for effecting all personnel actions internal to the state service such as conduct of competitive promotional examinations, ranking and certification of employees for promotion, noncompetitive and qualifying appointments of employees and leaves of absence; and

(d) Maintenance and administration of employee performance appraisal,

training and other programs.

Subd. 5. [PRECEDENCE OF COLLECTIVE BARGAINING PROVISIONS.] A provision of an agreement entered into by the commissioner pursuant to section 179.74, subdivision 5, shall supersede the provisions of any rule or administrative procedure or portion thereof which is inconsistent with the agreement unless the provision is found to violate existing law.

Subd. 6. [PAYMENT FOR GRIEVANCE SETTLEMENTS.] Notwithstanding any other law to the contrary, the commissioner may authorize an appointing authority to pay an employee for hours not worked, pursuant to the resolution of a grievance through a formal grievance procedure established by a collective bargaining agreement or one of the plans established pursuant to section 18.

Sec. 5. [43A.05] [POWERS AND RESPONSIBILITIES THROUGH THE PERSONNEL BUREAU.]

Subdivision 1. [GENERAL.] The commissioner through the personnel bureau shall perform the duties assigned in this act. The deputy for the personnel bureau shall perform any duties delegated by the commissioner.

The commissioner's authority and responsibility shall include but not be limited to maintenance of a classification plan, assignment of all positions in the classified service to job classes, maintenance and approval of total compensation plans for all positions in the executive branch pursuant to the provisions of section 18 and other provisions of law; preparation of examinations, rating of candidates for employment and preparation of eligible lists; maintenance of employee performance appraisal, training and affirmative action programs; and maintenance and publication of logical career paths in the classified civil service.

Subd. 2. [REQUESTS FOR NONSTATE FUNDS.] The commissioner shall have the authority to review and comment upon all requests for other than state appropriated funds by any agency for personnel and labor relations purposes before any funding request is made to a federal, local or private agency.

Subd. 3. [COMMISSIONER'S PLAN.] The commissioner shall periodically develop and establish pursuant to this act a commissioner's plan. The commissioner shall submit the plan, before becoming effective, to the legislative commission on employee relations for approval.

Subd. 4. [TIME OFF IN EMERGENCIES.] The commissioner shall authorize appointing authorities to pay for time off in emergencies. An appointing authority, after consultation with the commissioner of public safety, may excuse employees from duty with full pay in the event of a natural or manmade emergency, if continued operation would involve a threat to the health or safety of individuals. Absence with pay shall not exceed 16 working hours at any one time unless the commissioner authorizes a longer duration.

Sec. 6. [43A.06] [POWERS AND RESPONSIBILITIES THROUGH THE LABOR RELATIONS BUREAU.]

Subdivision 1. [GENERAL.] The commissioner, through the labor relations bureau, shall perform the duties assigned to the commissioner by section 3.855, sections 179.61 to 179.76 and this section.

The deputy commissioner for the labor relations bureau shall be the state

labor negotiator for purposes of negotiating and administering agreements with exclusive representatives of employees and shall perform any other duties delegated by the commissioner.

Subd. 2. [HEARINGS.] The commissioner shall represent the state at hearings conducted by the director of the bureau of mediation services and the public employment relations board.

Subd. 3. [COLLECTIVE BARGAINING.] The commissioner through the labor relations bureau shall represent the state in all collective bargaining between the state and exclusive representatives, and shall represent the state in mediation and arbitration of collective bargaining disputes.

Subd. 4. [REPORTS.] The commissioner shall report to the legislative commission on employee relations pursuant to section 3.855.

Subd. 5. [INTERPRETATION OF COLLECTIVE BARGAINING AGREEMENTS.] The commissioner shall be responsible for management interpretation of all collective bargaining agreements between the state and exclusive representatives and provide management personnel with training in the interpretation and application of these collective bargaining agreements.

Subd. 6. [GRIEVANCES; ARBITRATION.] The commissioner shall oversee the administration of all written grievances arising under collective bargaining agreements between the state and an exclusive representative and shall represent the state at all grievance arbitrations.

Subd. 7. [GRIEVANCE SETTLEMENT.] The commissioner shall have final authority to decide if a grievance shall be submitted to arbitration or if it shall be settled without arbitration.

Subd. 8. [UNFAIR LABOR PRACTICE CHARGES.] The commissioner shall direct investigations and shall have authority to decide whether agencies in the executive branch shall settle unfair labor practice charges filed against the employer, appointing authorities or their agents pursuant to chapter 179.

Sec. 7. [43A.07] [CLASSIFIED SERVICE.]

Subdivision 1. [CLASSIFICATION PLAN.] The commissioner shall maintain, revise and administer a classification plan.

Subd. 2. [JOB CLASSES AND TITLES.] An appointing authority shall notify the commissioner when a new position is to be established in the classified service. The commissioner shall allocate the position to an appropriate class in the classification plan or if the position cannot be allocated to an existing class, establish a new class. The commissioner shall assign an appropriate salary rate or range to the class. If the class is in a bargaining unit under the provisions of section 179.741, and there is an applicable provision in the collective bargaining agreement the commissioner shall establish the salary rate or range pursuant to the agreement.

The commissioner may independently conduct classification studies or, upon request of an appointing authority or a permanent employee, shall investigate the duties of a classified position. The commissioner may reclassify the position, change the title of the position or establish a new class. The commissioner shall assign an appropriate salary rate or range to the class. If the class is in a collective bargaining unit under the provisions of section

179.741, and there is an applicable provision in the collective bargaining agreement, the commissioner shall establish the salary rate or range pursuant to the agreement.

Subd. 3. [PROTESTED ALLOCATION OR RECLASSIFICATION.] An appointing authority who is affected by a position allocation or reclassification or an employee who is affected by a position reclassification may protest the allocation or reclassification in writing to the commissioner. The commissioner shall review the allocation or reclassification and may change the allocation or reclassification decision. This procedure shall not be subject to contested case provisions of the administrative procedure act.

Subd. 4. [EFFECT OF RECLASSIFICATION.] Except as provided in section 17, subdivision 5, the incumbent of a position which has been reclassified shall continue in the position only if the employee is eligible for and is appointed to the position of the new class in accordance with the provisions of this chapter and the rules, administrative procedures or a collective bargaining agreement entered into under sections 179.61 to 179.76 governing reallocation or change in allocation of positions, promotion, transfer, and demotion. If the incumbent is ineligible to continue in the position and is not transferred, promoted or demoted, the layoff provisions of this chapter and plans pursuant to section 18 or a collective bargaining agreement entered into under sections 179.61 to 179.76 shall apply. Personnel changes required by the reclassification of positions shall be completed within a reasonable period of time, as prescribed by the commissioner, following the reclassification notice to an appointing authority. Any employee with permanent or probationary status whose position is reallocated shall be considered eligible to compete in any examination held to fill the reallocation position, as provided in the rules or administrative procedures.

Subd. 5. [LEAVES TO ACCEPT UNCLASSIFIED APPOINTMENTS.] An employee who is granted a leave of absence from a position in the classified service to accept a position in the unclassified service shall retain an inactive classified service status. Upon his request, during the unclassified appointment or within sixty days of the end of the unclassified appointment, the employee shall be reappointed in the agency from which the employee was granted the leave, to a classified position comparable to that which he held immediately prior to being appointed to the unclassified position.

Subd. 6. [RIGHTS OF INCUMBENTS OF DECLASSIFIED POSITIONS.] Except for just cause, an employee with permanent status shall not be removed from a position which is declassified for a period of one year following the declassification. An appointing authority may remove an incumbent of a declassified position after one year with 30 days prior notice. At any time after the declassification, and prior to the end of the thirty-day notice period, if he so requests, the employee shall be appointed within the same agency to a classified position comparable to the position that was declassified or, if a comparable position is unavailable, to a position in that agency comparable to that which he held immediately prior to being appointed to the declassified position.

Sec. 8. [43A.08] [UNCLASSIFIED SERVICE.]

Subdivision 1. [UNCLASSIFIED POSITIONS.] Unclassified positions are held by employees who are:

- (a) Chosen by election or appointed to fill an elective office;
- (b) Heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions and institutions specifically established by law in the unclassified service;
- (c) The confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;
- (d) Intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (e) Employees in the offices of the governor and of the lieutenant governor, and one confidential employee for the governor in the office of the adjutant general;
- (f) Employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, his deputies, and his confidential secretary, shall be employees in the classified service;
- (g) Presidents, vice presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants and student employees eligible under terms of the federal economic opportunity act work study program in the state universities and community colleges. This paragraph shall not be construed to include the custodial, clerical or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions.
- (h) Officers and enlisted persons in the national guard;
- (i) Attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with his authorization;
- (j) Judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;
- (k) Members of the state highway patrol; provided that selection and appointment of highway patrol troopers shall be made in accordance with applicable laws governing the classified service;
- (l) Seasonal help employed by the department of revenue;
- (m) Employees of the department of administration permanently assigned to the ceremonial house;
- (n) Chaplains employed by the state;
- (o) Examination monitors and intermittent training instructors employed by the departments of employee relations and commerce;
- (p) Student workers; and
- (q) Employees unclassified pursuant to other statutory authority.

Subd. 2. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding

any other law to the contrary, the commissioner, upon request of the governor, may establish permanent unclassified positions, or unclassify previously classified positions, provided that:

(a) The positions involve only deputy or assistant heads of agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of an agency who is required by law to be appointed by the governor, or by a board appointed by the governor.

(b) The positions established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, education, health, labor and industry, employee relations and the housing finance agency; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights, veterans affairs, and the crime control planning board; and to one for a confidential secretary of any head of an agency listed in this paragraph. Agencies not enumerated in this paragraph shall not be authorized to establish additional unclassified positions under the provisions of this subdivision.

(c) Funds are available.

Subd. 3. [UNCLASSIFIED TITLES; SALARY RATES AND RANGES; INVESTIGATIONS.] Except for those positions listed in section 18, subdivision 4, when a new position is to be established in the unclassified service, the commissioner shall compare the position to a class in the classified service if a comparable class exists or if not, establish a salary rate or range and official title for the position.

The commissioner shall independently or upon request of an appointing authority or employee investigate the duties of a position unclassified under provisions of subdivision 2 or rule. If the commissioner determines the position is incorrectly placed in the unclassified service, the commissioner shall place the position in the classified service. If the commissioner determines the position is improperly compared or assigned to an inappropriate salary range, the commissioner shall recompare the position, change the title or establish a new title or reassign the position to a different salary rate or range.

If a new title is established for the position or if the position is reassigned to a different salary rate or range and the position will be covered by a bargaining unit under the provisions of section 179.741, and if there is an applicable provision in a collective bargaining agreement, the commissioner shall establish the salary rate or range pursuant to the collective bargaining agreement.

Sec. 9. [43.09] [RECRUITMENT.]

The commissioner in cooperation with appointing authorities of all state agencies shall maintain an active recruiting program publicly conducted and designed to attract sufficient numbers of well qualified people to meet the needs of the civil service, and to enhance the image and public esteem of state service employment. Special emphasis shall be given to recruitment of protected group members to assist state agencies in meeting affirmative action goals to achieve a balanced workforce.

Sec. 10. [43A.10] [EXAMINATIONS; ELIGIBILITY TO COMPETE.]

Subdivision 1. [GENERAL.] Entrance to the classified service shall be through successful competition in an examination and certification and appointment from an eligible list except as provided in section 15 or other law.

Subd. 2. [EXAMINATION CRITERIA.] All examinations for positions in the classified service shall be job related and designed to fairly assess ability to perform the duties of the class for which the examination is given.

Subd. 3. [FACILITIES FURNISHED EXAMINERS.] The authorities having control of public buildings in political subdivisions of the state and school districts, upon written request of the commissioner, shall furnish without charge convenient facilities for the administration of examinations. Upon such request, it shall be the duty of state and local authorities and employees, as it is consistent with their other duties, to aid in carrying out the provisions of this section.

Subd. 4. [CANDIDATES, ELIGIBLES; EXPENSES.] The commissioner or an appointing authority may pay travel expenses incurred by candidates or eligibles invited for oral examinations or employment interviews in the manner and amounts authorized by the commissioner.

Subd. 5. [ELIGIBILITY FOR COMPETITIVE OPEN EXAMINATIONS.] Competitive open examinations shall, upon public notice, be open to all applicants who meet reasonable job related requirements fixed by the commissioner.

Subd. 6. [ELIGIBILITY FOR COMPETITIVE PROMOTIONAL EXAMINATIONS.] Competitive promotional examinations shall be open only to employees of the civil service, the Minnesota state retirement system and the teacher's retirement association. The commissioner may require that competition be extended to all employees as defined above or may limit competition to employees of one or more agencies or organizational units thereof or to employees meeting specified employment conditions.

Subd. 7. [EXAMINATION ACCOMMODATIONS.] Upon request, the commissioner shall provide examination accommodations to a candidate with a handicap that does not prevent performance of the duties of the class. The accommodations shall provide an opportunity to fairly examine the ability of the candidate to perform the duties of the class notwithstanding the handicap but shall preserve, to the extent feasible, the validity of the examination process and equitable comparison of examination scores with competitors without handicaps.

Subd. 8. [ELIGIBILITY FOR QUALIFIED HANDICAPPED EXAMINATIONS.] The commissioner shall establish examination procedures for candidates whose handicaps are of such a severe nature that the candidates are unable to demonstrate their abilities in competitive examination processes. The examination procedures shall consist of up to 700 hours on-the-job trial work experience which will be in lieu of a competitive examination and for which the employee will be paid or unpaid at the employee's option. This work experience shall be limited to candidates who are mentally retarded, have severe hearing or visual impairments, are confined to wheelchairs, or have other impairments that comprise serious employment handicaps and who have been referred for employment to a specific suitable vacancy by a vocational rehabil-

itation, veterans administration, or services for the blind counselor. Implementation of provisions of this subdivision shall not be deemed a violation of other provisions of this act or chapter 363.

Sec. 11. [43A.11] [VETERAN'S PREFERENCE.]

Subdivision 1. [CREATION.] Recognizing that training and experience in the military services of the government and loyalty and sacrifice for the government are qualifications of merit which cannot be readily assessed by examination, a veteran's preference shall be available pursuant to this section to United States citizens who entered the military service of this country prior to December 31, 1976 and separated under honorable conditions (a) after having served on active duty for 181 consecutive days or (b) by reason of disability incurred while serving on active duty.

Subd. 2. [RESTRICTIONS.] Veteran's preference credit under this section may not be used by any veteran who is currently receiving or is eligible to receive a monthly veteran's pension based exclusively on length of military service.

Subd. 3. [NONDISABLED VETERAN'S CREDIT.] There shall be added to the competitive open examination score of a nondisabled veteran, if he so elects, a credit of five points provided that the veteran obtained a passing score on the examination without the addition of the credit points.

Subd. 4. [DISABLED VETERAN'S CREDIT.] There shall be added to the competitive open examination score of a disabled veteran, if he so elects, a credit of ten points provided that the veteran obtained a passing score on the examination without the addition of the credit points. There shall be added to the competitive promotional examination score of a disabled veteran, if he so elects, a credit of five points provided that (a) the veteran obtained a passing score on the examination without the addition of the credit points and (b) the veteran is applying for his first promotion after securing public employment.

Subd. 5. [DISABLED VETERAN; DEFINITIONS.] For the purpose of the preference to be used in securing appointment from a competitive open examination, "disabled veteran" means a person who has a compensable service connected disability as adjudicated by the United States Veterans Administration, or by the retirement board of one of the several branches of the armed forces, which disability is existing at the time preference is claimed. For purposes of the preference to be used in securing appointment from a competitive promotional examination, "disabled veteran" means a person who, at the time of election to use his promotional preference, is entitled to disability compensation under laws administered by the veterans administration for a permanent service connected disability rated at 50 percent or more.

Subd. 6. [PREFERENCE FOR SPOUSES.] A preference available pursuant to this section may be used by the surviving spouse of a deceased veteran and by the spouse of a disabled veteran who because of the disability is unable to qualify.

Subd. 7. [RANKING OF VETERANS.] An eligible with a score augmented by veteran's preference shall be entered on an eligible list ahead of a nonveteran with the same score.

Subd. 8. [NOTIFICATION.] A governmental agency when notifying eligi-

bles that they have passed examinations shall show the final examination scores and the preference credits and shall notify eligibles that they may elect to use veteran's preference to augment passing scores.

Subd. 9. [REJECTION; EXPLANATION.] If the appointing authority rejects a certified eligible who has received veteran's preference, the appointing authority shall notify the eligible in writing of the reasons for the rejection.

Sec. 12. [43A.12] [RANKING OF ELIGIBLES.]

Subdivision 1. [GENERAL.] The commissioner shall prepare eligible lists as provided in this section.

Subd. 2. [LAYOFF LISTS.] On layoff lists former employees of the class shall be ranked as provided in collective bargaining agreements, the plans established pursuant to section 18, rules, or procedures implemented pursuant to section 4, subdivision 4.

Subd. 3. [REEMPLOYMENT LISTS.] On reemployment lists former employees of the class with satisfactory prior service ratings shall be ranked as provided in collective bargaining agreements, the plans established pursuant to section 18, rules, or procedures implemented pursuant to section 4, subdivision 4.

Subd. 4. [COMPETITIVE LISTS.] On competitive open and competitive promotional lists eligibles shall be ranked according to their ratings in examinations and the veteran's preference provisions of section 11.

Subd. 5. [QUALIFIED HANDICAPPED LISTS.] On qualified handicapped lists eligibles shall be ranked in alphabetical order.

Subd. 6. [TERM OF ELIGIBILITY.] The term of eligibility of eligibles on lists shall be determined by the commissioner but shall not be less than six months.

Sec. 13. [43A.13] [CERTIFICATION OF ELIGIBLES.]

Subdivision 1. [GENERAL.] Upon request of an appointing authority the commissioner shall certify eligibles from an eligible list determined appropriate by the commissioner, or as provided in collective bargaining agreements, rules or section 4, subdivision 4. The commissioner shall certify qualified available eligibles as provided in this section. Where the vacancy to be filled is in a position covered by a collective bargaining agreement, the list of certified eligibles shall be made available upon request to the exclusive representative as defined in sections 179.61 to 179.76.

Subd. 2. [LAYOFF.] If an agency has a layoff list for the class and employment conditions of the vacancy to be filled, the commissioner shall certify eligibles as provided in collective bargaining agreements, plans established pursuant to section 18, rules, or procedures implemented pursuant to section 4, subdivision 4.

Subd. 3. [REEMPLOYMENT.] For positions to be filled by reemployment of a former employee, the commissioner may certify any eligible on the reemployment list for the class or approve direct reinstatement of a former classified employee within three years of separation.

Subd. 4. [COMPETITIVE OPEN.] For positions to be filled by competitive

open examination, the commissioner shall certify the first 10 eligibles on the list plus those eligibles having the same score as the tenth eligible certified.

Subd. 5. [COMPETITIVE PROMOTIONAL.] For positions to be filled by competitive promotional examination, the commissioner shall certify the first three eligibles on the list plus those eligibles having an examination rating within three points of the eligible with the highest examination rating and any additional eligible having the same score as the last eligible certified.

Subd. 6. [QUALIFIED HANDICAPPED.] For a position to be filled by qualified handicapped examination, the commissioner shall certify only the one eligible who has successfully completed the examination processes provided in section 10, subdivision 8 for the position.

Subd. 7. [EXPANDED CERTIFICATION.] When the commissioner determines that a disparity as defined in rules exists between an agency's work force and its affirmative action plan approved in accordance with section 19, the commissioner shall ensure to the extent possible that eligibles who are members of the protected groups for which the disparity exists are certified for appointment. When fewer than three eligibles of all protected groups for which a disparity has been determined to exist would be certified under subdivisions 4 and 5, the commissioner shall certify as many additional eligibles from all of the protected groups for which disparities have been determined to exist as are necessary to bring the number of such protected group eligibles certified to an aggregate total of three. Implementation of this subdivision shall not be deemed a violation of other provisions of this act or chapter 363.

Subd. 8. [REFUSAL TO CERTIFY.] The commissioner may refuse to certify an eligible who (a) is found to lack any of the requirements established for the examination for which the eligible has applied, (b) has been dismissed from the public service for delinquency or misconduct, (c) has been dismissed from the same or a similar classification within the civil service for unsatisfactory job performance, (d) has, directly or indirectly, given or promised to give anything of value to any person in connection with the eligible's examination, appointment, or proposed appointment, or (e) has made a false statement of any material fact or practiced or attempted to practice any deception or fraud in the application, or examination or in securing eligibility or appointment.

When the commissioner refuses to certify an eligible, the commissioner shall, upon request of the eligible refused, furnish the eligible a statement of the reasons for the refusal. Upon receipt of relevant information, the commissioner shall reconsider the refusal and may certify the eligible.

Sec. 14. [43A.14] [APPOINTMENTS.]

All appointments to the classified service shall be based upon merit and ability to perform the duties of the position and the needs of the employing agency, including the need to achieve and maintain a representative work force. For employees in a bargaining unit as defined in section 179.741 appointments shall be subject to applicable provisions of collective bargaining agreements.

Sec. 15. [43A.15] [NONCOMPETITIVE AND QUALIFYING APPOINTMENTS.]

Subdivision 1. [GENERAL.] Positions in the classified service may be filled

other than by appointment from eligible lists only as provided in this section or other law, provided that appointments made pursuant to subdivisions 5, 6, 9, 10, 11, and 12 shall be subject to applicable provisions of collective bargaining agreements.

Subd. 2. [EMERGENCY APPOINTMENTS.] An appointing authority may make an emergency appointment for up to 30 working days. No person shall be employed in any one agency on an emergency basis for more than 30 working days in any 12 month period.

Subd. 3. [TEMPORARY APPOINTMENTS.] The commissioner may authorize an appointing authority to make a temporary appointment of up to six months. The commissioner may, in the best interest of the state, grant an extension of a temporary appointment or approve a temporary appointment to fill a vacancy created by an approved leave of absence to a maximum period of one year. When practicable, the commissioner may certify any qualified eligible from an eligible list for the temporary appointment, but may authorize the appointment of any person deemed qualified by the appointing authority.

No person shall be employed on a temporary basis in any one agency for more than 12 months in any 24 month period.

Subd. 4. [PROVISIONAL APPOINTMENTS.] The commissioner may authorize an appointing authority to make a provisional appointment if there is an urgent reason for filling a vacancy and no person on an incomplete certification is suitable or available for appointment.

No person shall be provisionally appointed unless the person has passed an appropriate qualifying examination or is qualified in all respects except for completion of a licensure or certification requirement. To the extent possible, the commissioner shall ensure that provisional appointments are kept to a minimum.

No person shall be employed on a provisional basis for more than six months unless the commissioner grants an extension to a maximum of 12 months in the best interest of the state. No extension may be granted beyond 12 months except for persons provisionally appointed to physician positions or other positions requiring licensure or certification where there is a lack of eligibles.

At the request of an appointing authority, the commissioner may authorize the probationary appointment of a provisional appointee who has performed satisfactorily for at least 60 days.

Subd. 5. [NONCOMPETITIVE PROMOTIONS.] The commissioner may authorize an appointing authority to promote the incumbent with permanent or probationary status to a reallocated classified position.

Subd. 6. [APPOINTMENTS THROUGH TRANSFER OR DEMOTION.] The commissioner may authorize the transfer or demotion of an employee in the classified service within an agency or between agencies. An authorized transfer may result in the movement of an employee between different positions in the same class or between positions in different classes provided that the compensation for the classes is similar.

The commissioner may enter into arrangements with public personnel agencies in other jurisdictions for the purpose of effecting transfers or voluntary demotions of employees between jurisdictions.

Subd. 7. [APPOINTMENTS FOR UNCLASSIFIED INCUMBENTS OF NEWLY CLASSIFIED POSITIONS.] The commissioner may authorize the probationary appointment of an incumbent who has passed a qualifying examination and who has served at least one year in an unclassified position which has been placed in the classified service by proper authority.

Subd. 8. [EXCEPTIONAL APPOINTMENTS.] Where a position requires exceptional qualifications of a scientific, professional or expert character and competition is impracticable, the commissioner may, at the request of an appointing authority, authorize the probationary appointment of a designated person possessing the required exceptional qualifications.

Subd. 9. [LABOR SERVICE APPOINTMENTS.] The commissioner shall designate classes involving unskilled labor as comprising a labor service and shall authorize appointing authorities to make appointments to such classes without prior approval.

Subd. 10. [ROUTINE SERVICE APPOINTMENTS.] The commissioner may authorize the administration of a qualifying selection process where the position to be filled is of a routine, service nature involving unskilled tasks, the performance of which cannot be directly related to qualifications beyond a minimum competency level. Appointing authorities may consider any candidate found so qualified for probationary appointment to such a position.

Subd. 11. [APPOINTMENTS TO POSITIONS IN SHORTAGE OCCUPATIONS.] The commissioner may designate classifications for which qualified applicants are in critically short supply and may develop recruitment, qualifying examination and referral processes as will provide agencies opportunity to make prompt appointments.

Subd. 12. [WORK-TRAINING APPOINTMENTS.] The commissioner may authorize the probationary appointment of persons who successfully complete on-the-job state training programs which have been approved by the commissioner.

Sec. 16. [43A.16] [PROBATIONARY PERIODS.]

Subdivision 1. [GENERAL.] All unlimited appointments to positions in the classified service except as provided in this subdivision shall be for a probationary period the duration of which shall be determined through collective bargaining agreements or plans established pursuant to section 18 but which shall not be less than 30 days of full-time equivalent service nor more than two years of full-time equivalent service. An appointing authority may require a probationary period for transfers, reemployments, reinstatements, voluntary demotions, and appointments from layoff lists of former employees of a different appointing authority. For employees in a bargaining unit as defined in 179.741 the requirement of such a probationary period shall be subject to applicable provisions of collective bargaining agreements.

Subd. 2. [TERMINATION DURING PROBATIONARY PERIOD.] There is no presumption of continued employment during a probationary period. Terminations or demotions may be made at any time during the probationary period subject to the provisions of this section and collective bargaining agreements or plans established pursuant to section 18.

If during the probationary period an employee with permanent status is

dismissed for inability to perform the duties of the new position or for other cause not related to misconduct or delinquency, the employee shall be restored to a position in the employee's former class and agency.

Sec. 17. [43A.17] [SALARY LIMITS, RATES, RANGES AND EXCEPTIONS.]

Subdivision 1. [SALARY LIMITS.] As used in this section, "salary" means hourly, monthly, or annual rate of pay including any lump-sum payments and cost-of-living adjustment increases but excluding payments due to overtime worked, shift or equipment differentials, work out of class as required by collective bargaining agreements or plans established pursuant to section 18, and back pay on reallocation or other payments related to the hours or conditions under which work is performed rather than to the salary range or rate to which a class is assigned.

The salary, as established in section 15A.081, of the head of a state agency in the executive branch is the upper limit of compensation in the agency. The salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services. The commissioner may grant exemptions from these upper limits as provided in subdivisions 3 and 4.

Subd. 2. [GENERAL COMPENSATION.] For classes or positions covered under the provisions of section 18, subdivision 1, the commissioner shall negotiate compensation. For classes or positions covered under the provisions of section 18, subdivisions 2 and 3, the commissioner shall establish compensation. Employees covered under section 18 shall receive salary at the appropriate single rate or within the limits of the salary range to which their class is assigned or their position compared except for any lump sum payments including cost of living lump sum payments. The commissioner may grant further exemptions from this subdivision as provided in subdivisions 3, 5, 6, and 7.

Subd. 3. [UNUSUAL EMPLOYMENT SITUATIONS.] Upon the request of the appointing authority, and when the commissioner determines that changes in employment situations create difficulties in attracting or retaining employees, the commissioner may approve an unusual employment situation increase to advance an employee within the compensation plan. Such action will be consistent with applicable provisions of collective bargaining agreements or plans pursuant to section 18. The commissioner shall review each proposal giving due consideration to salary rates paid to other employees in the same class and agency and may approve any request which in the commissioner's judgment is in the best interest of the state. If the commissioner determines that the position requires special expertise necessitating a higher salary to attract or retain qualified persons, the commissioner may grant an exemption not to exceed 120 percent of the base salary of the head of the agency.

Subd. 4. [MEDICAL SPECIALISTS.] The commissioner may without regard to subdivision 1 establish special salary rates and plans of compensation designed to attract and retain exceptionally qualified doctors of medicine. In establishing salary rates and eligibility for nomination for payment at special rates, the commissioner shall consider the standards of eligibility established by national medical speciality boards where appropriate. The incumbents assigned to these special ranges shall be excluded from the collective bargaining process.

Subd. 5. [SALARY ON DEMOTION; SPECIAL CASES.] The commissioner may, upon request of an appointing authority, approve payment of an employee with permanent status at a salary rate above the maximum of the class to which the employee is demoted. The commissioner shall take such action as required by collective bargaining agreements or plans pursuant to section 18. If the action is justified by the employee's long or outstanding service, exceptional or technical qualifications, age, health, or substantial changes in work assignment beyond the control of the employee, the commissioner may approve a rate up to and including the employee's salary immediately prior to demotion. Thereafter, so long as the employee remains in the same position, the employee shall not be eligible to receive any increase in salary until the employee's salary is within the range of the class to which the employee's position is allocated unless such increases are specifically provided in collective bargaining agreements or plans pursuant to section 18.

Subd. 6. [SALARY ON TRANSFER.] The commissioner may authorize an employee transferring between two classes established as equivalent for purposes of transfer to retain a rate of compensation above the maximum of the range of the class to which the employee is transferring. The commissioner shall take such action as required by a collective bargaining agreement or plans pursuant to section 18. Thereafter, so long as the employee remains in the same class, the employee shall receive an increase in salary only as provided pursuant to applicable collective bargaining agreements or plans pursuant to section 18, until his salary is within the range of the class to which his position is allocated.

Subd. 7. [INJURED ON DUTY PAY.] Notwithstanding section 176.021, subdivision 5, the commissioner may provide for injured on duty pay through collective bargaining agreements or plans pursuant to section 18.

Sec. 18. [43A.18] [TOTAL COMPENSATION; COLLECTIVE BARGAINING AGREEMENTS; PLANS.]

Subdivision 1. [COLLECTIVE BARGAINING AGREEMENTS.] Except as provided in section 1 and to the extent they are covered by a collective bargaining agreement, the compensation, terms and conditions of employment for all employees represented by an exclusive representative certified pursuant to chapter 179 shall be governed solely by the collective bargaining agreement executed by the parties and approved by the legislature.

Subd. 2. [COMMISSIONER'S PLAN.] Except as provided in section 1 of this act, the compensation, terms and conditions of employment for all classified and unclassified employees who are not covered by a collective bargaining agreement and not otherwise provided for in this act or other law shall be governed solely by the commissioner's plan. The legislative commission on employee relations shall review the plan and submit it to the legislature along with any recommendations it deems appropriate. The plan need not be adopted in accordance with the rulemaking provisions of chapter 15.

The plan shall not take effect until approved by the legislature, provided that the legislative commission may give interim approval to effect the plan and subsequently submit it to the entire legislature for ratification in the same manner as provided for negotiated agreements and arbitration awards under section 179.74, subdivision 5. If the legislature modifies or rejects the plan or adjourns without action during the following legislative session, any total

compensation increases which were provided pursuant to interim approval by the commission and not ratified by the legislature shall not be affected but shall cease to be provided.

Subd. 3. [MANAGERIAL PLAN.] The commissioner shall identify individual positions or groups of positions in the classified and unclassified service, except those listed in subdivision 4, in the executive branch as being managerial.

(a) The commissioner shall establish appropriate plans for training and development, mobility, total compensation and terms and conditions of employment for employees of those positions identified as being managerial and whose salaries and benefits are not otherwise provided for in law or other plans established under this act. The plans shall include a career executive service to provide a system for identifying, developing and recognizing key individuals who occupy managerial positions in the classified service.

(b) Incumbents of managerial positions as identified under this subdivision shall be excluded from any bargaining units under the provisions of chapter 179.

(c) The management compensation plan shall provide methods and levels of compensation for managers that will be generally comparable to those applicable to managers in other public and private employment. Provisions of the plan shall ensure that compensation within assigned salary ranges is related to level of performance.

The commissioner shall develop a total compensation plan for individuals appointed to the career executive service. Salaries established under this plan shall be limited to 120 percent of the maximum of the salary range for the employee's job classification in the classified service. The total compensation established under the provisions of this clause may be extended to unclassified managers and the employee benefits established under the provisions of this clause may be extended to those heads of agencies whose salaries are established in section 15A.081, subdivision 1.

(d) No rights or tenure shall attach to a career executive service assignment. An incumbent in the career executive service may be removed from the career executive service by the appointing authority, provided the action is made without regard to sex, race, religion, color, creed, marital status, age, national origin, disability, status with regard to public assistance or political affiliation. An employee removed from the career executive service shall receive compensation at the level formerly received plus any increases the employee would have received had the employee not been appointed to the career executive service.

An employee who is in the career executive service on the effective date of this section and whose position, as a result of this act, is no longer eligible for inclusion in the career executive service is nonetheless eligible to remain a member of the career executive service in accordance with the provisions of this section so long as the employee remains in that position.

Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.] Notwithstanding any other law to the contrary, total compensation for employees listed in this subdivision shall be set by appointing authorities subject to the following limitations:

(a) Total compensation paid pursuant to this subdivision and that paid pursuant to section 6.582, shall be within the limits of compensation plans which shall have been approved by the commissioner before becoming effective;

(b) Total compensation for unclassified employees in the office of the governor shall be determined by the governor;

(c) Total compensation for unclassified employees in the office of the attorney general shall be determined by the attorney general;

(d) Total compensation for unclassified employees of the state board of investment shall be determined by the state board of investment;

(e) Total compensation for unclassified positions pursuant to section 8, subdivision 1, clause (g) and in the higher education coordinating board shall be determined by the state university board, the state board for community colleges, and the higher education coordinating board, respectively; and

(f) Total compensation for classified hearing examiners in the office of administrative hearings shall be determined by the chief hearing examiner.

Subd. 5. [GOVERNOR TO SET CERTAIN SALARIES.] The governor shall, on or before January 31 of each odd numbered year, submit to the legislative commission on employee relations recommendations for salaries for the positions listed in sections 15A.081 and 15A.083. The governor may also propose additions or deletions of positions from those listed.

(a) Before submitting the recommendations, the governor shall consult with the commissioner of administration, the commissioner of finance, and the commissioner of employee relations concerning the recommendations. Before submitting recommendations for an employee in the office of a constitutional officer, the governor shall consult with the constitutional officer concerning the recommendations and shall give due consideration to the advice of the officer;

(b) Except for positions for which salary ranges have been established, the recommendations shall contain a specific salary for each position listed in sections 15A.081 and 15A.083. The governor shall determine only a fixed salary for the positions of the constitutional officers, the judges of the workers' compensation court of appeals and the commissioner of public service;

(c) In making recommendations, the governor shall consider only those criteria established in subdivision 7 and shall not take into account performance of individual incumbents. The governor shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities and accountabilities and in determining recommendations rate each position by this system; and

(d) The initial salary of a head of an agency hereafter established whose salary is not specifically prescribed by law shall be fixed by the governor, after consultation with the commissioner, whose recommendation shall be advisory only, in an amount comparable to the salary of an agency head having similar duties and responsibilities.

Subd. 6. [MEMBERS OF MINNESOTA NATIONAL GUARD.] Members of the Minnesota national guard shall receive the pay and allowances pre-

scribed by the armed forces of the United States for similar rank and time in service.

Subd. 7. [COMPENSATION RELATIONSHIPS OF POSITIONS.] *In establishing, recommending and approving total compensation for any position within the plans covered in subdivisions 2, 3 and 4, the commissioner shall assure that:*

(a) Compensation for positions in the classified and the unclassified service compare reasonably to one another;

(b) Compensation for state positions bears reasonable relationship to compensation for similar positions outside state service;

(c) Compensation for management positions bears reasonable relationship to compensation of represented employees managed;

(d) Compensation for positions within the classified service bears reasonable relationships among related job classes and among various levels within the same occupation; and

(e) Compensations bear reasonable relationships to one another within the meaning of this subdivision if compensation for positions which require comparable knowledge, abilities, duties, responsibilities and accountabilities is comparable and if compensation for positions which require differing knowledge, abilities, duties, responsibilities and accountabilities is proportional to the knowledge, abilities, duties and responsibilities required.

Sec. 19. [43A.19] [AFFIRMATIVE ACTION.]

Subdivision 1. [STATEWIDE AFFIRMATIVE ACTION PROGRAM.] *To assure that positions in the executive branch of the civil service are equally accessible to all qualified persons, and to eliminate the underutilization of qualified members of protected groups, the commissioner shall adopt and periodically revise, if necessary, a statewide affirmative action program. The statewide affirmative action program shall consist of at least the following:*

(a) Objectives, goals and policies;

(b) Procedures, standards and assumptions to be used by agencies in the preparation of agency affirmative action plans, including methods by which goals and timetables shall be established; and

(c) Requirements for the periodic submission of affirmative action progress reports from heads of agencies.

The commissioner shall designate a state director of equal employment opportunity to serve in the unclassified service who may be delegated the preparation, revision, implementation and administration of the program.

Subd. 2. [AGENCY AFFIRMATIVE ACTION PLANS.] *The head of each agency in the executive branch shall prepare and implement an agency affirmative action plan consistent with this section and rules promulgated pursuant to section 4, subdivision 3. No agency affirmative action plan may be implemented without the commissioner's approval.*

Subd. 3. [EXEMPTIONS.] *Implementation of the provisions of this section shall not be deemed a violation of other provisions of this act or chapter 363.*

Sec. 20. [43A.20] [PERFORMANCE APPRAISAL AND PAY.]

The commissioner shall design and maintain a performance appraisal system under which each employee in the civil service in the executive branch shall be evaluated and counseled on work performance at least once a year. Individual pay increases for all employees not represented by an exclusive representative certified pursuant to chapter 179 shall be based on the evaluation and other factors the commissioner includes in the plans developed pursuant to section 18. Collective bargaining agreements entered into pursuant to chapter 179 may, and are encouraged to, provide for pay increases based on employee work performance.

Sec. 21. [43A.21] [TRAINING PROGRAMS.]

Subdivision 1. [AUTHORITY; PURPOSE.] The commissioner shall develop and interpret policy and administer and, to the extent possible, conduct programs in training and development for employees to promote individual, group and agency efficiency and effectiveness.

Subd. 2. [RESPONSIBILITIES.] The commissioner is responsible for developing and coordinating consistent training policy which shall be binding on all state agencies. The policies shall include conditions under which employees may receive or be assigned to training; internships and work-training programs; minimum and maximum training standards for employee participation and agency reporting requirements. Career development training is a permissive subject of collective bargaining. Each appointing authority in the executive branch, including the Minnesota state retirement system and the teachers retirement association, is primarily responsible for planning, budgeting, conducting and evaluating training programs.

Subd. 3. [PROGRAMS.] The commissioner shall design and implement a management development program for the state service. The program shall include but not be limited to mandatory training and development requirements for managers and supervisors. No management or supervisory training shall be conducted by any agency without specific approval of the commissioner. No person shall acquire permanent status in a management or supervisory position in the classified service until training and development requirements have been met.

Subd. 4. [FUNDS.] For purposes of training and development, the commissioner is authorized to apply for and accept funds from any source including reimbursement charges from agencies for reasonable program costs. Funds received shall be deposited in the general fund of the state treasury and shall be appropriated annually to the department for the purposes for which they are received.

Sec. 22. [43A.22] [BENEFITS; INTENT.]

It is the intent of the state to provide eligible employees and other eligible persons with life insurance and hospital, medical, and dental benefits coverage through provider organizations, hereafter referred to as "carriers", authorized to do business in the state.

Sec. 23. [43A.23] [CONTRACTING AUTHORITY.]

Subdivision 1. [GENERAL.] The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the judgment of the commissioner are best qualified to un-

derwrite and service the benefit plans. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers and any other factors which the commissioner deems appropriate. Each benefit contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, make hospital and medical benefits available from at least one carrier licensed to do business pursuant to each of chapters 62A, 62C and 62D. The commissioner need not provide health maintenance organization services to an employee who resides in an area which is not served by a licensed health maintenance organization. The commissioner may refuse to allow a health maintenance organization to continue as a carrier if it was selected by less than 200 employees in the preceding benefit year. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in substantial additional administrative costs. Any carrier licensed pursuant to chapter 62A shall be exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

Subd. 2. [CONTRACT TO CONTAIN STATEMENT OF BENEFITS.] Each contract under sections 22 to 30 shall contain a detailed statement of benefits offered and shall include any maximums, limitations, exclusions, and other definitions of benefits the commissioner deems necessary or desirable. Each hospital and medical benefits contract shall provide benefits at least equal to those required by section 62E.06, subdivision 2.

Sec. 24. [43A.24] [ELIGIBILITY FOR STATE PAID INSURANCE AND BENEFITS.]

Subdivision 1. [GENERAL.] Employees, including persons on layoff from a civil service position, shall be eligible for state paid life insurance and hospital, medical and dental benefits as provided in collective bargaining agreements or plans established pursuant to section 18.

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by the Board of Regents for employees of the University of Minnesota not covered by collective bargaining agreements.

(a) A member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner, provided that the waiver shall not prohibit the member from enrolling himself or his dependents for optional coverages, without cost to the state, as provided for in section 26. A member of the state legislature who returns from a leave of absence to a position he previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical and dental benefits to which his position is entitled;

(b) A permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on

leave of absence to work for the legislature, during a regular or special legislative session, provided that his name appears on the state payroll or the legislative payroll for at least one working day each payroll period;

(c) A judge of the supreme court or an officer or employee of a court; a judge of the district court, a judge of county court, a judge of county municipal court, a judge of probate court; a district administrator; and an employee of the office of the district administrator of the fifth or the eighth judicial districts;

(d) A salaried employee of the public employees retirement association;

(e) A full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state funds;

(f) A salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board; and

(g) An employee of the regents of the University of Minnesota.

Sec. 25. [43A.25] [INELIGIBILITY FOR STATE PAID INSURANCE AND BENEFITS.]

Except as provided in section 27, subdivision 2, the following persons are excluded from the provisions of sections 22 to 30: emergency employees of the state and interns of the state and unless specifically included in collective bargaining agreements or plans established pursuant to section 18, student workers of the state, temporary employees of the state and intermittent employees of the state.

Sec. 26. [43A.26] [OPTIONAL COVERAGES.]

The commissioner may make available to eligible persons and their dependents certain optional coverages provided by carriers selected by the commissioner. Eligible employees may elect to purchase optional coverages at their own expense.

Sec. 27. [43A.27] [ELIGIBILITY FOR INDIVIDUAL PAID INSURANCE AND BENEFITS.]

Subdivision 1. [GENERAL.] Notwithstanding any other provisions of this act, the persons listed in subdivisions 2 and 3, and their dependents, may elect to enroll at their own expense in the appropriate life insurance, hospital, medical and dental benefits, and optional coverages at the time, in the manner, and under conditions of eligibility the commissioner prescribes and otherwise approves. The commissioner may also provide for payroll deductions to be made in the same manner and under the same conditions as provided in section 30, subdivision 2 authorizing payroll deductions for an eligible employee and his dependents.

Subd. 2. [ELECTIVE ELIGIBILITY.] The following persons, if not otherwise covered by section 24, may elect coverage for themselves or their dependents at their own expense:

(a) A state employee, including persons on layoff from a civil service position as provided in collective bargaining agreements or a plan established pursuant to section 18;

(b) *An employee of the board of regents of the University of Minnesota, including persons on layoff, as provided in collective bargaining agreements or by the Board of Regents;*

(c) *An officer or employee of the state agricultural society, state horticultural society, Sibley house association, Minnesota humanities commission, Minnesota international center, Minnesota academy of science, science museum of Minnesota, Minnesota safety council, or Minnesota humane society;*

(d) *A civilian employee of the adjutant general who is paid from federal funds and who is not eligible for benefits from any federal civilian employee group life insurance or health benefits program; and*

(e) *An officer or employee of the state capitol credit union or the highway credit union.*

Subd. 3. [RETIRED EMPLOYEES.] *A retired employee may elect to purchase coverage for himself or his dependents at his own expense. A retired employee of the state who receives an annuity under a state retirement program may elect to retain coverages to which he was entitled at the time of his retirement and any additional coverages made available through collective bargaining agreements or plans established pursuant to section 18 to employees in positions equivalent to that from which he retired. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored medicare program. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or his designee within 30 days after the effective date of his retirement of his intention to exercise this option.*

Subd. 4. [RETIRED JUDGES; FORMER LEGISLATORS.] *A retired judge or a former legislator may elect to purchase coverage for themselves or their dependents at their own expense as provided below:*

(a) *A retired judge of the state supreme court or district court may elect to purchase coverage provided persons listed in section 24, subdivision 2, clause (c), provided that the retired judge exercises this option with 30 days of the effective date of retirement; or*

(b) *A former member of the legislature may elect to purchase coverage provided persons listed in section 24, subdivision 2, clause (a).*

Sec. 28. [43A.28] [ENROLLMENT.]

The time, manner, and conditions and terms of eligibility for enrollment of persons eligible for state paid or individual paid life insurance, hospital, medical and dental benefits, and optional coverages authorized shall be determined and prescribed by the commissioner according to collective bargaining agreements and plans established pursuant to section 18.

Sec. 29. [43A.29] [CONTRIBUTIONS BY STATE.]

The total contribution by the state for eligible state employees and for dependents of eligible state employees shall be prescribed by collective bargaining agreements or plans established pursuant to section 18.

Sec. 30. [43A.30] [PAYMENT OF PREMIUMS.]

Subdivision 1. [PAYMENTS FROM AGENCY REVENUES.] *Each*

agency shall pay the amounts due for state paid life insurance and hospital, medical and dental benefits coverage authorized for eligible employees pursuant to this act.

Each agency shall pay the amounts from accounts and funds from which the agency receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of salaries. In order to enable the commissioner of finance to maintain proper records covering the appropriations pursuant to this section, the commissioner of finance may require certifications in connection with payments as the commissioner of finance deems necessary from the Minnesota historical society, the University of Minnesota, or any agency whose employees receive benefits pursuant to this act. The accounts and funds from which agencies receive appropriations under the terms of this section are a source of revenue for the purposes of any other law or statutory enactment.

Subd. 2. [PAYROLL DEDUCTION.] If an eligible person who is on any payroll of the state enrolls himself or his dependents for any of the optional coverages made available by the commissioner pursuant to section 26 the commissioner of finance, upon the person's written order, shall deduct from the salary or wages of the person those amounts required from time to time to maintain the optional coverages in force, and issue his warrant therefor to the appropriate carrier. Legislators may elect not to pay their premiums via payroll deduction.

Subd. 3. [GENERAL APPROPRIATION.] If for any reason there are insufficient funds in the state treasury to provide funds to expend under the appropriations made by subdivision 1 from any account or fund in the state treasury, the necessary additional funds therefor are appropriated from the general fund in the state treasury.

Sec. 31. [43A.31] [ADMINISTRATION.]

Subdivision 1. [GENERAL.] The commissioner shall maintain records, prepare reports, and perform all functions necessary to carry out the intent of sections 22 to 30. Upon request of the commissioner, the commissioner of finance shall perform necessary accounting and disbursement functions.

Subd. 2. [COMMISSIONER REPORTS.] The commissioner shall transmit a report each biennium to the legislative commission on employee relations concerning the operation of sections 22 to 30.

Subd. 3. [AGENCY REPORTS AND RECORDS.] Each agency shall keep the records, make the certifications, and furnish the commissioner or carriers with the information and reports necessary to enable the commissioner or carriers to carry out their functions under sections 22 to 30.

Subd. 4. [INSURANCE ADVISORY COUNCIL.] The commissioner shall appoint and serve as chairman of an insurance advisory council consisting of 11 members. Two members shall be selected from names submitted by exclusive representatives of state employees. One member shall be selected from names submitted by exclusive representatives of employees of the University of Minnesota. One member shall be selected from names submitted by organizations representing retired state employees. One member shall be selected from names submitted by the regents of the University of Minnesota. The commissioners of

administration, insurance, health and finance, and the deputy commissioner for labor relations or their designees, shall serve as the other members. Except as provided in this section, the provisions of section 15.059 shall apply to the members of the council. The council shall advise the commissioner in the selection of carriers. Evidence of discussions, recommendations or decisions by the council shall not be submitted to any court or arbitrator in any matter involving state or University of Minnesota employees.

Sec. 32. [43A.32] [POLITICAL ACTIVITIES.]

Subdivision 1. [PROHIBITION.] No employee shall, directly or indirectly, during hours of employment solicit or receive funds for political purposes, or use official authority or influence to compel an employee in the classified service to apply for membership in or become a member of any political organization, to pay or promise to pay any assessment, subscription, or contribution or to take part in any political activity.

Subd. 2. [LEAVES OF ABSENCE FOR ELECTED PUBLIC OFFICIALS, CANDIDATES.] Except as herein provided any officer or employee in the classified service shall:

(a) Take leave of absence upon assuming an elected federal or state public office, including elected state legislative office;

(b) Take leave of absence upon assuming any elected public office other than enumerated in clause (a), if, in the opinion of the commissioner, the holding of the office conflicts with his regular state employment;

(c) Upon his request, be granted leave of absence upon becoming a candidate, or during the course of his candidacy, for any elected public office; and

(d) Take leave of absence upon becoming a candidate, or during the course of candidacy, for any elected public office if, in the opinion of the commissioner, the candidacy conflicts with his regular state employment.

All requests for opinions of the commissioner and all opinions from the commissioner under the provisions of clauses (b) and (d) shall be in writing and shall be delivered by certified mail.

The commissioner shall issue an opinion under the provisions of clauses (b) and (d) within seven calendar days of receipt of the request.

Sec. 33. [43A.33] [GRIEVANCES.]

Subdivision 1. [DISCHARGE, SUSPENSION, DEMOTION FOR CAUSE, SALARY DECREASE.] No permanent employee in the classified service shall be discharged, suspended without pay, or reduced in pay or position, except for just cause.

Subd. 2. [JUST CAUSE.] For purposes of this section, just cause includes, but is not limited to, consistent failure to perform assigned duties, substandard performance, insubordination, and serious violation of written policies and procedures, provided the policies and procedures are applied in a uniform, nondiscriminatory manner.

Subd. 3. [PROCEDURES.] Procedures for discipline and discharge of employees covered by collective bargaining agreements shall be governed by the agreements. Procedures for employees not covered by a collective bar-

gaining agreement shall be governed by this subdivision.

(a) For discharge, suspension for more than 30 days, or reduction in pay or position, no later than the effective date of such action, a permanent employee not covered by a collective bargaining agreement shall be given written notice by the appointing authority. The written notice shall include a statement of the nature of the disciplinary action, the specific reasons for the action, the effective date of the action and a statement informing the employee that he may reply within five days in writing or, upon request, in person, to the appointing authority or his designee. The notice shall also include a statement that the employee may appeal the action to the office of administrative hearings within 30 days of the effective date of the disciplinary action. A copy of the notice and the employee's reply, if any, shall be filed with the commissioner no later than ten calendar days following the effective date of the disciplinary action. The commissioner shall have final authority to decide whether the appointing authority shall settle the dispute prior to the hearing provided under subdivision 4.

(b) For suspensions of permanent employees for 30 days or less grievance procedures shall be provided in plans established pursuant to section 18.

(c) For discharge, suspension or reduction in pay or position of employees serving an initial probationary period, grievance procedures shall be provided in plan established pursuant to section 18.

Subd. 4. [APPEALS; PUBLIC HEARINGS, FINDINGS.] Any permanent employee who is discharged, suspended without pay or reduced in pay or position may appeal to the chief hearing examiner of the office of administrative hearings within 30 days after the effective date of the discharge, suspension or reduction in pay or position. Any permanent employee who is covered by a collective bargaining agreement may elect to appeal to the chief hearing examiner within 30 days after the effective date of the discharge, suspension or reduction in pay or position if the collective bargaining agreement provides that option. In no event may an employee use both the procedure under this section and the grievance procedure available pursuant to sections 179.61 to 179.76. Within ten days of receipt of the employee's written notice of appeal, the chief hearing examiner shall assign a hearing examiner to hear the appeal.

The hearing shall be conducted pursuant to the contested case provisions of chapter 15 and the procedural rules adopted by the chief hearing examiner. Prior to the hearing, both parties may stipulate on mutually agreed matters relevant to the disciplinary action. The issues and facts on which agreement has not been reached will be decided during the hearing at which technical rules of evidence shall not apply. If the hearing examiner finds, based on the hearing record, that the action appealed was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another division within the same agency, without loss of pay. If the hearing examiner finds that there exists sufficient grounds for institution of the appointing authority's action but the hearing record establishes extenuating circumstances, he may in his discretion reinstate the employee, with full, partial, or no pay, or may modify the appointing authority's action. The hearing examiner's order shall be the final decision, but it may be appealed according to the provisions of section 15.0424. Settlement of the entire dispute by mutual agreement is encouraged at any stage of the proceedings. Any

settlement agreement shall be final and binding when signed by all parties and submitted to the chief hearing examiner of the office of administrative hearings. Except as provided in collective bargaining agreements the appointing authority shall bear the costs of the hearing examiner for hearings provided for in this section.

Sec. 34. [43A.34] [RETIREMENT.]

Subdivision 1. [AGE.] Employees in the executive branch who are subject to the provisions of the Minnesota state retirement system or the teacher's retirement association must retire from employment by the state upon reaching the age of 70 except as provided in other law.

Subd. 2. [PHYSICIANS EXEMPTED.] Notwithstanding any provision to the contrary, a physician in the civil service may upon reaching the maximum retirement age specified in subdivision 1, continue to be employed subject to annual certification by his appointing authority to the commissioner that the employee is physically and mentally competent to fulfill the duties of his position.

Subd. 3. [CORRECTIONAL PERSONNEL EXEMPTED.] Notwithstanding the provisions of subdivision 1, any employee of the state of Minnesota in a covered classification as defined in section 352.91, who is a member of the special retirement program for correctional personnel established pursuant to sections 352.90 to 352.95, may elect or be required to retire from employment in the covered correctional position upon reaching the age of 55 years.

A correctional employee occupying a position covered by provisions of section 352.91, desiring employment beyond the conditional mandatory retirement age shall, at least 30 days prior to the date of reaching the conditional mandatory retirement age of 55 years, and annually thereafter, request in writing to his appointing authority that he be authorized to continue in employment in the covered position. Upon receiving the request, the appointing authority shall have a medical examination made of the employee. If the results of the medical examination establish the mental and physical ability of the employee to continue the duties of his employment, he shall be continued in his employment for the following year. If the determination of the appointing authority based upon the results of the physical examination is adverse, the disposition of the matter shall be decided by the commissioner of corrections or, for employees of the Minnesota security hospital, the commissioner of public welfare. Based on the information provided, the decision of the applicable commissioner shall be made in writing and shall be final.

Subd. 4. [CONSERVATION AND CRIME BUREAU OFFICERS EXEMPTED.] Notwithstanding any provisions of chapter 352B or any other law to the contrary, conservation officers and crime bureau officers who were first employed on or after July 1, 1973 and are members of the highway patrolmen's retirement association by reason of their employment, shall not continue employment after attaining the age of 60 years, except for a fractional portion of one year that will enable the employee to complete his next full year of allowable service. Notwithstanding any provisions of chapter 352B or any other law to the contrary, conservation officers and crime bureau officers who were first employed and are members of the highway patrolmen's retirement association by reason of their employment before July 1, 1973, shall be governed by the same mandatory retirement rules applied to other employees who are covered

by the Minnesota state retirement system.

Sec. 35. [43A.35] [DEATH BENEFIT FOR RETIRED EMPLOYEES.]

Employees who retire from the civil service on or after July 1, 1977, and before July 1, 1981, shall be entitled to a \$500 cash death benefit payable to a beneficiary designated by the employee, if, at the time of the employee's death, the employee is entitled to an annuity under a state retirement program. A \$500 cash death benefit shall also be payable to the designated beneficiary of an employee who becomes totally and permanently disabled after July 1, 1979, and before July 1, 1981, and who at the time of death is receiving a state disability benefit and is eligible for a deferred annuity under a state retirement program.

Employees who retire from the civil service on or after July 1, 1981 shall be entitled to a cash death benefit payable to a beneficiary designated by the employee if provided in collective bargaining agreements or plans pursuant to section 18 in effect at the time of the employee's retirement.

Sec. 36. [43A.36] [RELATIONSHIPS WITH OTHER AGENCIES AND JURISDICTIONS.]

Subdivision 1. [COOPERATION; STATE AGENCIES.] The commissioner may delegate administrative functions associated with the duties of the commissioner to appointing authorities who have the capability to perform such functions when the commissioner determines that it is in the best interests of the state civil service. The commissioner shall consult with agencies and agencies shall cooperate as appropriate in implementation of this act.

The commissioner, in conjunction with appointing authorities, shall analyze and assess current and future human resource requirements of the civil service and coordinate personnel actions throughout the civil service to meet the requirements. The commissioner shall permit appointing authorities to use eligible lists in making appointments to positions in the unclassified service and shall provide recruiting assistance.

The head of each agency in the executive branch shall designate an agency personnel officer. The agency personnel officer shall be accountable to the agency head for all personnel functions prescribed by laws, rules, collective bargaining agreements, the commissioner and the agency head. Except when otherwise prescribed by the agency head in a specific instance, the personnel officer shall be assumed to be the authority accountable to the agency head over any other officer or employee in the agency for personnel functions.

The head of each agency in the executive branch shall designate an affirmative action officer who shall have primary responsibility for the administration of the agency's affirmative action plan. The officer shall report directly to the head of the agency on affirmative action matters.

Subd. 2. [SERVICES AVAILABLE TO POLITICAL SUBDIVISIONS.]
The services and facilities of the department and its staff may be made available upon request to political subdivisions of the state. Enforcement and administration of other provisions of this act shall take precedence over the provision of the services and facilities. Political subdivisions shall reimburse the state for the reasonable cost of services and facilities.

Subd. 3. [SERVICES EXCHANGED WITH OTHER JURISDICTIONS.]

The commissioner may enter into arrangements with personnel agencies in other jurisdictions to exchange services. The commissioner may also join or subscribe to any association or service having as its purpose the interchange of information relating to the practices of personnel administration and labor relations. The commissioner is authorized as an agent of the state of Minnesota to enter into contracts, compacts or cooperative agreements involving matters of personnel and labor relations with other governments within the United States.

Sec. 37. [43A.37] [PAYROLLS.]

Subdivision 1. [CERTIFICATION.] Neither the commissioner of finance nor any other fiscal officer of this state shall draw, sign, or issue, or authorize the drawing, signing, or issuing of any warrant on the treasurer or other disbursing officer of the state, nor shall the treasurer or other disbursing officer of the state pay any salary or compensation to any person in the civil service, unless a payroll register for the salary or compensation containing the name of every person to be paid shall bear the certificate of the commissioner that the persons named in the payroll register have been appointed, as required by law, rules, or administrative procedures and that the salary or compensation is within the compensation plan fixed pursuant to law. The appointing authority shall certify that all employees named in the payroll register are performing service as required by law. This provision shall not apply to positions defined in section 8, subdivision 1, clauses (f), (g), (h) and (j). Employees to whom this subdivision does not apply may be paid on the state's payroll system and the appointing authority or fiscal officer submitting their payroll register shall be responsible for the accuracy and legality of the payments.

Salary or compensation claims presented against existing appropriations, which have been deemed in violation of the provisions of this subdivision, may be certified for payment if, upon investigation, the commissioner determines the personal services for which payment is claimed actually have been rendered in good faith without collusion and without intent to defraud.

Subd. 2. [SALARIES PAID CONTRARY TO PROVISIONS RECOVERED FROM APPOINTING OFFICER.] *Any sum intentionally paid contrary to the provisions of this section may be recovered from any officer making the appointments in contravention of the provisions of law or the rules, or from any officer signing or countersigning or authorizing the signing or countersigning of any warrant for the payment of the sum, or from the sureties on the official bond of any officer, in an action maintained by the commissioner in the district court of any county within the state. All moneys recovered in any action brought under this section when collected shall be paid into the state treasury.*

Subd. 3. [ACTION AGAINST APPOINTING OFFICERS; NOT REIMBURSED FOR SUMS PAID.] *Any person appointed contrary to the provisions of this chapter and the rules, whose payroll or account is refused certification, shall have an action against the employee employing or appointing or attempting to appoint the person for the amount due by reason of the employment or purported employment and the costs of the action. No employee, during the time of official service, or thereafter, shall be reimbursed by the state for any sum recovered in any court action under subdivision 2.*

Sec. 38. [43A.38] [CODE OF ETHICS FOR OFFICERS AND EMPLOYEES IN THE EXECUTIVE BRANCH.]

Subdivision 1. [PURPOSE.] Employees in the executive branch shall have equal opportunity with all citizens to develop private, economic, and social interests; however, it is necessary to distinguish between those minor and inconsequential conflicts which are unavoidable in a free society and those conflicts which are substantial and material and conflict with the employee's responsibility to the public. This section shall not be interpreted to apply to any activity which is protected by 179.61 to 179.76, collective bargaining agreements and practices thereunder nor to prevent a current or former employee from accepting employment with a labor or employee organization representing employees.

Subd. 2. [DEFINITIONS.] For the purpose of this section the following definitions shall apply:

(a) "Business" means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in non-profit or profit making activities.

(b) "Confidential information" means any information obtained under government authority which has not become part of the body of public information and which, if released prematurely or in non-summary form, may provide unfair economic advantage or adversely affect the competitive position of an individual or a business.

(c) "Private interest" means any interest, including but not limited to a financial interest, which pertains to a person or business whereby the person or business would gain a benefit, privilege, exemption or advantage from the action of a state agency or employee that is not available to the general public.

Subd. 3. [ACCEPTANCE OF GIFTS; FAVORS.] Employees in the executive branch in the course of or in relation to their official duties shall not directly or indirectly receive or agree to receive any payment of expense, compensation, gift, reward, gratuity, favor, service or promise of future employment or other future benefit from any source, except the state for any activity related to the duties of the employee unless otherwise provided by law. However, the acceptance of any of the following shall not be a violation of this subdivision:

(a) Advertising gifts of nominal value having wide distribution.

(b) Plaques or similar mementos recognizing individual services in a field of specialty or to a charitable cause.

(c) Payment of reimbursement expenses for travel or meals, not to exceed actual expenses incurred, which are not reimbursed by the state and which have been approved in advance by the appointing authority as part of the work assignment.

(d) Honoraria or expenses paid for papers, talks, demonstrations or appearances made by employees on their own time for which they are not compensated by the state.

Subd. 4. [USE OF CONFIDENTIAL INFORMATION.] An employee in the executive branch shall not use confidential information to further the employee's private interest, and shall not accept outside employment or involvement in a business or activity that will require the employee to disclose or use

confidential information.

Subd. 5. [USE OF STATE PROPERTY.] *An employee shall not use or allow the use of state time, supplies or state owned or leased property and equipment for the employee's private interests or any other use not in the interest of the state, except as provided by law.*

Subd. 6. [CONFLICTS OF INTEREST.] *The following actions by an employee in the executive branch shall be deemed a conflict of interest and subject to procedures regarding resolution of the conflicts, section 39 or disciplinary action as appropriate:*

(a) *Use or attempted use of the employee's official position to secure benefits, privileges, exemptions or advantages for the employee or the employee's immediate family or an organization with which the employee is associated which are different from those available to the general public;*

(b) *acceptance of other employment or contractual relationship that will affect the employee's independence of judgment in the exercise of official duties; or*

(c) *actions as an agent or attorney in any action or matter pending before the employing agency except in the proper discharge of official duties or on the employee's behalf.*

Subd. 7. [DETERMINATION OF CONFLICTS OF INTEREST.] *When an employee believes the potential for a conflict of interest exists, it is the employee's duty to avoid the situation. A conflict of interest shall be deemed to exist when a review of the situation by the employee, the appointing authority or the commissioner determines any one of the following conditions to be present:*

(a) *the use for private gain or advantage of state time, facilities, equipment or supplies or badge, uniform, prestige or influence of state office or employment;*

(b) *receipt or acceptance by the employee of any money or other thing of value from anyone other than the state for the performance of an act which the employee would be required or expected to perform in the regular course or hours of state employment or as part of the duties as an employee;*

(c) *employment by a business which is subject to the direct or indirect control, inspection, review, audit or enforcement by the employee;*

(d) *the performance of an act in other than the employee's official capacity which may later be subject directly or indirectly to the control, inspection, review, audit or enforcement by the employee. If the employee, appointing authority or commissioner determine that a conflict of interest exists, the employee shall, if possible, assign the matter to another employee who does not have a conflict of interest. If it is not possible to assign the matter to an employee who does not have a conflict of interest, interested persons shall be notified of the conflict and the employee may proceed with the assignment.*

Subd. 8. [PRECEDENCE OF CHAPTER 10A.] *Where specific provisions of chapter 10A apply to employees and would conflict with this section, the provisions of chapter 10A shall apply.*

Sec. 39. [43A.39] [COMPLIANCE WITH LAW.]

Subdivision 1. [PROHIBITED ACTS; PENALTIES.] All employees shall comply with and aid in all proper ways the enforcement of the provisions of this act. No employee or any other person shall intentionally:

(a) Make any false oral or written statement, mark, rating or report concerning any application, examination, certification or appointment made under provisions of this act or in any manner commit or attempt to commit any fraud preventing the impartial execution of this act;

(b) Directly or indirectly, give, render, pay, offer, solicit, or accept any money, service or other valuable consideration for any appointment, proposed appointment, promotion or proposed promotion to, or any advantage in obtaining, a position in the civil service;

(c) Defeat, deceive or obstruct any person in rights to examination, eligibility, certification or appointment under this act, or furnish to any person any special or secret information for the purpose of affecting the rights or prospects of any person with respect to appointment, advancement or retention in the classified service;

(d) Violate the provisions of sections 37 or 38; or

(e) If in the classified service, engage in activities prohibited by section 32.

Subd. 2. [NONCOMPLIANCE.] Any employee who intentionally fails to comply with the provisions of this act shall be subject to disciplinary action and action pursuant to chapter 609. An appointing authority shall report in writing to the legislative auditor when there is probable cause to believe that a substantial violation has occurred. Any person convicted of a misdemeanor based on violations of this act shall be ineligible for appointment in the civil service for three years following conviction.

Subd. 3. [VIOLATIONS; POSITION VACATED.] Intentional violation of section 37 may be cause for disciplinary action and conviction of an employee in the classified service under section 32 of this act shall render the position vacant.

Sec. 40. [43A.40] [JOB SHARING; TEMPORARY.]

The purpose of sections 40 to 46 is to increase career opportunities in the Minnesota state service through job sharing.

Sec. 41. [43A.41] [DEFINITIONS.]

Subdivision 1. [INTERPRETATION.] For the purposes of sections 40 to 46 the following terms shall have the meanings given them in this section.

Subd. 2. [AGENCY.] "Agency" means a department, agency, commission, board, institution, or other entity in the executive branch in which all positions are under the same appointing authority.

Subd. 3. [COORDINATOR.] "Coordinator" means the coordinator of the Minnesota demonstration job sharing program.

Subd. 4. [SHARED POSITION.] "Shared position" means a classified position which has been converted from a full-time position into part-time positions of equivalent class for purposes of sections 40 to 46.

Subd. 5. [PROGRAM.] "Program" means the Minnesota demonstration

job sharing program.

Subd. 6. [APPROPRIATE SHARED TIME PERCENT.] "Appropriate shared time percent" means the percent of full-time hours allocated to a particular shared time position.

Sec. 42. [43A.42] [POSITIONS AFFECTED.]

A total of 50 full-time positions within agencies of state government shall be selected for inclusion within the program. These positions shall be selected within as few separate agencies as possible, and in no case shall positions be selected in more than ten agencies. No fewer than 15 of these positions shall be either professional, supervisory or managerial positions. In no instance shall a person in a shared time position work less than 40 percent time. No position shall be selected if it is contained in a unit which is represented by an exclusive representative which has a collective bargaining agreement covering the unit unless the exclusive representative agrees to the selection. All shared time positions shall be equivalent in classification to the full-time position from which they are converted.

Sec. 43. [43A.43] [PROGRAM MANAGEMENT.]

Subdivision 1. [COORDINATOR.] The commissioner shall designate from among the employees of the department a coordinator of the program.

Subd. 2. [DUTIES AND POWERS.] The coordinator shall have the following powers and duties to:

(a) Select, in cooperation with the affected agencies and the commissioner, the agencies and the positions within the agencies to be included in the program;

(b) Design and implement, in cooperation with the affected agencies and the commissioner, an evaluation plan for the program, in accordance with accepted research criteria, to ascertain the effect of job sharing on employee satisfaction, productivity, absenteeism, administrative and supervisory time demands, and increased costs both direct and indirect, as well as any other relevant impact on employer or employee;

(c) Coordinate the conversion of full-time to shared positions in the affected agencies and to assist in the design of the shared positions, with attention to employee and employer needs and to the potential for replicability of the program experience in other agencies throughout state government. All shared positions shall be equivalent in classification to the full-time position from which they are converted;

(d) Assist the affected agencies and the commissioner in recruitment, selection and hiring for the affected positions;

(e) Assist both supervisors and employees in the affected agencies in the transition to shared positions under the program and to recommend to the commissioner any modifications in rules, executive authority or statutes deemed desirable to effectuate the purposes of sections 40 to 46;

(f) Monitor the positions selected pursuant to section 41, in cooperation with the affected agencies and the commissioner, throughout the term of the program; and

(g) Assist the commissioner in reporting to the governor and the legislature

on January 1, 1981 and January 1, 1982. The commissioner's report shall provide an evaluation of the experience of the program, with attention to the items listed in clause (b) in addition to any other relevant information, and shall offer recommendations concerning the further increase of shared positions in the state service.

Sec. 44. [43A.44] [TOTAL COMPENSATION.]

Subdivision 1. [SALARIES; CLASS.] A position selected by the coordinator pursuant to section 43 shall be divided into shared positions to be paid at the rate of the appropriate shared time percent of the otherwise appropriate salary. The classification of a shared position shall be the same as that applicable to the full-time position from which it is converted.

Subd. 2. [BENEFITS.] Employees in shared positions shall be eligible for the following benefits and subject to the following obligations:

(a) Membership in the Minnesota state retirement system, the teachers retirement association or the highway patrol retirement fund, whichever is appropriate. This provision shall be retroactive to July 1, 1980;

(b) Vacation and sick leave accrual at the rate of the appropriate shared time percent of the entitlement of comparable full-time employees;

(c) Employee dental, medical and hospital benefits coverage shall be available of the same type and coverage afforded to comparable full-time employees. Employees in shared positions who elect such coverage shall pay, by payroll deduction, the difference between the actual cost to the employer and the appropriate shared time percent of the actual cost. The remaining percent shall be paid by the employer. Employee life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees;

(d) Dependent life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees. Dependent medical, hospital and dental benefits coverage shall be available to employees in shared positions of the same type and coverage afforded to comparable full-time employees, except that the employer shall contribute the appropriate shared time percent of the dollar amount contributed for comparable full-time employees electing the same program, the remainder to be paid by payroll deduction by the employee electing such coverage;

(e) Employees in shared positions shall be entitled to the appropriate shared time percent of the holiday pay to which comparable full-time employees are entitled for holidays observed by the full-time employees whenever the employee in a shared position would otherwise be scheduled to work on that day. The employee may be allowed to reschedule working hours to avoid any loss in pay due to the prorating of holiday pay. When an employee in a shared position is not scheduled to work on an observed holiday, the next scheduled working day shall be treated as the holiday;

(f) Employees in shared positions shall accrue seniority time in every relevant category at the same rate accorded to comparable full-time employees. No full-time employee accepting a shared position shall suffer any loss of or gap in seniority time in the relevant categories applicable to the full-time employment; and

(g) Any other benefits of employment for employees in shared positions shall be prorated at a rate of the appropriate shared time percent of those available to comparable full-time employees, whenever the benefits are divisible. Contributions by the employer toward the benefits, if any, shall be equal to the appropriate shared time percent of the full-time benefits. When not divisible, the cost of the full-time benefits normally allocable to the employer shall be allocated, the appropriate shared time percent to the employee in a shared position, by payroll deduction, and the remaining percent to the employer.

Sec. 45. [43A.45] [ACCEPTANCE OF SHARED POSITIONS.]

No employee holding a full-time or three-quarter time position on July 1, 1980 shall be required to accept a shared position pursuant to sections 40 to 46.

Sec. 46. [43A.46] [CONFLICTING LAWS.]

Sections 40 to 46 shall be given effect notwithstanding any law or rule to the contrary. Sections 40 to 46 shall not affect, except as expressly provided therein, any existing labor agreement or personnel rule.

Sec. 47. [210A.081] [POLITICAL ACTIVITIES PROHIBITED BY EMPLOYEES OF POLITICAL SUBDIVISIONS.]

No officer, agent, clerk, or employee of any political subdivision shall, directly or indirectly, during his hours of employment solicit or receive funds or at any time use his authority or official influence to compel any officer or employee in the classified service to apply for membership in or become a member of any organization, or to pay or promise to pay any assessment, subscription, or contribution, or to take part in any political activity. Any person who violates any provision of this section shall be guilty of a misdemeanor, and shall be punished accordingly, and if any officer or employee in the classified service is found guilty of violating any provision of this section, he is automatically separated from the service.

Sec. 48. [TRANSITIONAL PROVISIONS.]

All rights, privileges, liabilities and obligations possessed or created under chapter 43, shall be continued if they are consistent and compatible with the provisions of this act.

Sec. 49. [REVISOR'S INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section referred to in column A, strike the reference referred to in column B and insert the reference set forth in column C. The revisor shall substitute the appropriate coding for the references in column C, for those sections which will be coded.

Column A	Column B	Column C
3.855, Subd. 3	43.064	Section 18, Subd. 4
3.855, Subd. 3	43.113	Section 18, Subd. 2
12.24, Subd. 2	43.327	Section 18
15.06, Subd. 8	43.09, Subd. 2a	Section 8, Subd. 2
15.61, Subd. 2	43.30	Section 11
15A.13	43.127, Subd. 6	Section 18, Subd. 3
16A.752, Subd. 1	43.18	Section 13

21.51, Subd. 6	43.01	Section 1
79.095	43.067	Section 17, Subd. 1
121.21, Subd. 11	43.45	Section 23
136.25	43.45	Section 23
136.62, Subd. 6	43.45	Section 23
179.66, Subd. 1	43.127	Section 18, Subd. 3
179.74, Subd. 1	43.01, Subd. 11	Section 2, Subd. 5
179.74, Subd. 4	43.126	Section 17, Subd. 4
179.74, Subd. 4	43.326	Section 18, Subd. 3
179.741, Subd. 2	43.064	Section 18, Subd. 4
183.39, Subd. 2	43.09, Subd. 4	Section 2, Subd. 12
196.14	43.30	Section 11
197.455	43.30	Section 11
197.481, Subd. 1	43.30	Section 11
271.01, Subd. 4a	43.329	Section 4, Subd. 3
299A.02, Subd. 1	43.24	Section 33
299F.051, Subd. 2	43.09 to 43.17	Sections 1 to 48
352D.02, Subd. 1	43.09, Subd. 2a	Section 8, Subd. 2
354.44, Subd. 1a	43.30	Section 11
357.09, Subd. 2	43.327	Section 18, Subd. 2
462A.04, Subd. 8	43.09, Subd. 2a	Section 8, Subd. 2
473.606, Subd. 5	43.051, Subd. 1	Section 34
626.85, Subd. 1	43.09 to 43.17	Sections 1 to 48

Sec. 50. [REPEALER.]

Minnesota Statutes 1980, Chapter 43 is repealed. Section 2, subdivision 22; section 4, subdivisions 1 and 4; section 8; section 13; section 15; section 17, subdivisions 2 and 3; section 18, subdivisions 3 and 4; section 33; and section 38 are repealed effective June 30, 1982; sections 40 to 46 are repealed effective June 30, 1982.

Sec. 51. [EFFECTIVE DATE.]

This act is effective July 1, 1981.

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "proposing new law coded in Minnesota Statutes, Chapter 210A;"

Page 1, line 5, after "Statutes" insert "1980"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which was referred

S. F. No. 207: A bill for an act relating to retirement; making various changes in the laws governing the operation of the public employees retirement association; amending Minnesota Statutes 1980, Section 353.01, Subdivision 19; 353.03, Subdivisions 1, 2, and 5; 353.15; 353.27, Subdivision 4; 353.28, Subdivision 5; 353.29, Subdivision 8; 353.31, Subdivision 1; 353.32, Subdivision 9; 353.33, Subdivisions 4, 5, and 6; 353.46, Subdivision 1; 353.64, Subdivisions 1 and 6; 353.656, Subdivision 2; and 353.657, Subdivision 3; repealing Minnesota Statutes 1980, Sections 353.017, Subdivision 5; 353.272; and 353.37, Subdivision 1a.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 32, strike "nominee may withdraw his" and after "name"

insert "*may be withdrawn*" and after "nomination" insert "*by the nominee*"

Page 4, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 1980, Section 353.03, Subdivision 3a, is amended to read:

Subd. 3a. [DUTIES AND POWERS OF THE EXECUTIVE DIRECTOR.] The management of the association is vested in the executive director who shall be the executive and administrative head of the association. He shall act as adviser to the board on all matters pertaining to the association. He shall also act as the secretary of the board. It is the duty of the executive director and he has the power to:

- (1) Attend all meetings of the board;
- (2) Prepare and recommend to the board rules and regulations for the purpose of carrying out the provisions of this chapter;
- (3) Establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) Designate an assistant director with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of said chapter, and with the approval of the board fix their compensation;
- (5) Organize the work of the association as he deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any of his powers or duties, subject to his control and under such conditions as he may prescribe;
- (6) With the approval of the board, contract for actuarial services, professional management services, and consulting services as may be necessary and fix the compensation therefor. Such contracts shall not be subject to the competitive bidding procedure prescribed by chapter 16. ~~Professional management services may not be contracted for more often than once in every six years.~~ Copies of all professional management survey reports shall be sent directly to the legislature and the legislative auditor at the same time reports are furnished the board. Only management firms experienced in conducting management surveys of federal, state or local public retirement systems shall be qualified to contract with the director hereunder;
- (7) With the approval of the board provide inservice training for all employees of the association;
- (8) Make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, all as provided in this chapter;
- (9) Determine the amount of the annuities and disability benefits of members covered by the association and authorize payment thereof beginning as of the dates such annuities and benefits begin to accrue, all in accordance with the provisions of said chapter;
- (10) Pay annuities, refundments, survivor benefits, salaries and all necessary operating expenses of the association;

(11) Prepare and submit to the board and the legislature an annual report covering the operation of the association, as required by chapter 356;

(12) With the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business."

Page 4, line 29, strike "AND TAXATION"

Page 6, line 30, delete "annually" and insert "periodically at times specified by the board of trustees"

Page 6, line 36, strike "he" and insert "the person"

Page 7, line 7, strike "his"

Page 7, line 8, strike "his" and insert "the"

Page 7, line 9, after "children" insert "of the member"

Page 7, line 32, strike "his or her" and insert "the" and after "remarriage" insert "of the spouse"

Page 8, line 19, delete "he" and insert "the amount" and delete "hold or use such amount as trustee" and insert "be held or used in trust"

Page 9, line 17, strike "him" and insert "the person"

Page 9, line 19, strike "him" and insert "the person"

Page 9, line 25, after "benefits" insert "shall be"

Page 10, delete section 14

Page 10, line 27, strike "he" and insert "the person"

Page 10, line 28, strike "his" and strike "said" and insert "the"

Page 11, line 21, strike "his" and insert "that"

Page 12, line 12, strike "him" and insert "the member"

Page 12, line 13, strike "he" and insert "the member"

Page 12, line 14, strike "less" and insert "with disability benefits paid reimbursed and future benefits reduced by"

Page 12, line 15, strike "him" and insert "the member"

Page 12, line 19, after "3" insert a comma

Page 12, line 31, delete "he" and insert "the amount" and delete "hold or use such amount as trustee" and insert "be held or used in trust"

Page 13, line 2, delete "and" and after "1a" insert "and 353.46, Subdivision 1"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "5" and insert "3a"

Page 1, line 9, delete "353.46, Subdivision 1;"

Page 1, line 13, delete "and" and after "1a" insert "and 353.46, Subdivision 1"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Public Employees and Pensions, to which was referred

S. F. No. 1079: A bill for an act relating to retirement; providing for an exemption from membership therein for city managers; proposing new law coded in Minnesota Statutes, Chapter 353.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete “, by written”

Page 1, delete line 21

Page 1, line 22, delete “with the board.”

Page 1, line 23, after the period, insert “*The election of exclusion shall be made within 30 days following the commencement of employment or within 30 days following the effective date of this act, whichever occurs later, in writing on a form prescribed by the executive director and shall be approved by a resolution of the governing body of the city. The election of exclusion shall not be effective until it is filed with the executive director.*”

Page 1, line 25, delete “board” and insert “executive director”

Page 1, line 25, after the period, insert “*The election to be excluded from membership shall include a provision agreeing that the person will not at any time in the future seek any authorization to purchase service credit for any period of excluded service and shall be irrevocable.*”

Page 2, line 1, delete “When” and insert “If”

Page 2, line 2, after “election” insert “of exclusion”

Page 2, line 2, after “made” insert “, and if the city manager and the governing body of the city agree in writing that the additional compensation is to be deferred and shall be contributed on behalf of the city manager to a deferred compensation program which meets the requirements of section 457 of the federal Internal Revenue Code of 1954, as amended through December 31, 1980.”

Page 2, line 7, delete everything after “association” and insert a period

Page 2, delete lines 8 to 10

Page 2, line 13, after “or” insert “, if otherwise qualified,”

Page 2, line 18, delete “city manager is” and insert “election shall be”

Page 2, line 19, after “have” insert “been” and delete “the election”

Page 2, after line 20, insert:

“Sec. 2. Minnesota Statutes 1980, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term “gross income,” as applied to corporations includes every kind of compensation for labor or personal services of every kind from any

private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended through December 31, 1979.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

The provisions of section 4 of P.L. 95-458, and sections 131, 133, 134, 141, 152, 156, 157, and 405 of P.L. 95-600 (relating to pensions, individual retirement accounts, deferred compensation plans, and to the sale of a residence) shall be effective at the same time that these provisions became effective for federal income tax purposes.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.

For taxable years beginning after December 31, 1980 and before January 1, 1983, the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223, shall apply.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt

from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for the reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for the previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954 to the extent of the credit under section 38 of the Internal Revenue Code of 1954 that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24;

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the

Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) The amount of any excluded gain recognized by a trust on the sale or exchange of property as defined in section 641(c)(1) of the Internal Revenue Code of 1954;

(16) An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202(a) and 1202(c)(1) of the Internal Revenue Code of 1954;

(17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 50 percent of the portion of the gain. This modification is limited to property that qualified for the energy credit contained in section 290.06, subdivision 14, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (9);

(18) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss; and

(19) The amount of a distribution from an individual housing account which is to be included in gross income as required under clause (c) of section 290.09, subdivision 30; and

(20) To the extent excluded from federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 1, the amount of contributions made by the city manager or administrator which is equal to the amount which would have been the city manager's or administrator's employee contribution pursuant to section 353.27, subdivision 2, if he were a member of the public employees retirement association.

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 50 percent of the portion of

the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of the securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from the losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954. The maximum amount of this subtraction shall be \$11,000 less the amount by which the individual's federal adjusted gross income, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, exceeds \$17,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954 but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable

year beginning in 1974 or later;

(10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(11) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (b)(6);

(12) The amount of any income earned for personal services rendered outside of Minnesota prior to the date when the taxpayer became a resident of Minnesota. This modification does not apply to compensation defined in clause (b)(6);

(13) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(14) In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(15) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(16) To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;

(17) The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17; and

(18) Minnesota exempt-interest dividends as provided by subdivision 27.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from the corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its

shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and the corporation is liquidated or the individual shareholder disposes of the stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, the shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that the reserve is distributed to shareholders the distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1, clause (2) in computing Minnesota inheritance or estate tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have the amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "managers;" insert "modifying the income taxation of

deferred compensation contributions by certain city managers; amending Minnesota Statutes 1980, Section 290.01, Subdivision 20;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S. F. No. 724: A bill for an act relating to game and fish; altering requirements for taking and possession; prescribing penalties; amending Minnesota Statutes 1980, Sections 97.4841, Subdivision 2; 98.45, Subdivision 1; 98.46, Subdivisions 2 and 14; 98.47, Subdivision 7; 98.52, Subdivision 1; 99.27, Subdivision 1; and 101.42, Subdivision 10.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 17, strike the comma

Page 2, lines 17 to 19, delete the new language

Page 2, line 19, strike "and" and insert "*A license to take deer with bow and arrow may be issued after the opening of a bow and arrow season. A bow and arrow license issued after the opening of a season shall not be valid until the fifth day after it is issued.*"

Page 2, line 22, strike "first" and insert "last"

Page 2, line 22, delete "rifle" and insert "*bow and arrow season or the last day of any December bow and arrow*"

Page 2, line 22, delete "*If a December bow*"

Page 2, lines 23 to 26, delete the new language

Page 3, line 15, strike "only"

Page 5, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 1980, Section 100.29, Subdivision 3, is amended to read:

Subd. 3. ~~It shall be unlawful to have in possession out of doors, except upon target ranges operated under a permit from the commissioner, unless unloaded and contained in a gun case, or unloaded and broken down:~~

(1) Any rifle or handgun, except a 22 caliber rim-fire rifle or handgun carried for the sole purpose of taking small game when lawful and using 22 caliber short, long, or long rifle bullets, or any shotgun with slugs, in any territory wherein there is an open season for taking deer with firearms, for a period of ten days preceeding and five days succeeding such season;

(2) Any rifle, except those described in this clause, in a territory open for the taking of deer with shotguns and slugs but not with rifles, during such season; (a) smooth bore muzzle loading muskets of not less than 45 caliber and rifle muzzle loading muskets of not less than 40 caliber that are incapable of being loaded at the breech, may be possessed and used for the hunting of deer during such open season and (b) 22 caliber rim-fire rifles or handguns carried for the sole purpose of taking small game when lawful and using 22 caliber short,

long, or long rifle bullets, may be possessed and used during such open deer season;

(3) Any slugs for use in a shotgun in any territory open for the taking of deer with firearms during the open season, except for slugs carried for the sole purpose of taking deer or bear.

Within any area where deer may be taken by firearms, it shall be unlawful during the period beginning the tenth day before the open firearms season and ending the fifth day after the close of the season, inclusive, to have any firearm or ammunition in possession out of doors other than:

(1) Shotguns using shot;

(2) Handguns and rifles using .22 caliber short, long and long rifle cartridges; and

(3) Firearms described in subdivision 9, as legal for taking big game subject to weapon zone restrictions as prescribed by the commissioner, provided the bearer has a big game license on his person and is afield during the time and within the area the big game license is valid.

Except for pistols and revolvers carried in compliance with sections 624.714 to 624.715 and firearms in possession upon target ranges operated under a permit from the commissioner, all firearms carried out of doors other than in conformity with this subdivision must be unloaded and contained in a case or unloaded and contained in the trunk of a car with the trunk door closed.

Sec. 9. Minnesota Statutes 1980, Section 100.29, Subdivision 9, is amended to read:

Subd. 9. Except as provided in subdivision 3, and in this subdivision, it shall be unlawful to take deer, moose, or any other wild animal during deer or moose season in open deer or moose hunting territory with a rifle or firearm which discharges a projectile, the diameter of which is less than twenty-three hundredths of an inch, or to use any cartridge less than 1-3/4 inches in length, and not containing a soft point or expanding bullet, the measurement to include the cartridge or shell and the bullet seated in the usual manner, provided cartridges of 35 caliber or larger may be used, regardless of length, or to use shells containing buckshot, or fine shot except for game birds, and except that smooth-bore muzzle loading muskets of not less than 45 caliber and rifled muzzle loading muskets of not less than 40 caliber that are incapable of being loaded at the breech may be used, and provided further that handguns of the .357, .41, and .44 magnum caliber, using ammunition with a case length of not less than 1.285 inches, and other calibers of similar performance as determined by the commissioner, may be used to take deer, moose, bear, or any wild animal.

A firearm or ammunition may be used to take big game if it meets the following requirements:

(1) Handguns, rifles, shotguns and all projectiles used therein shall be at least 23/100ths of an inch in caliber;

(2) All firearms shall be loaded only with ammunition containing single projectiles;

(3) All projectiles shall be of a soft point or an expanding bullet type;

(4) All ammunition shall have a case length of at least 1.285 inches; and

(5) Muzzleloaders must be incapable of being loaded at the breech. Smooth-bore muzzleloaders shall be at least .45 caliber and rifled muzzleloaders shall be at least .40 caliber.

It is unlawful to take big game with a .30 caliber M-1 carbine cartridge or with any other firearm or ammunition which does not meet the requirements provided in clauses (1) to (5)."

Sec. 10. [100.297] [MODEL TRAPPING ORDINANCE.]

Subdivision 1. [CONTENTS.] Any county, statutory or home rule charter city or town may, in the interests of public safety, impose restrictions upon trapping within the jurisdiction by the adoption of the following model ordinance. The ordinance shall be worded as follows: "No person shall place or set any trap or device designed to kill or capture wild animals upon privately owned lands within the jurisdiction in violation of any law, ordinance or rule pertaining to trespass. No person shall engage in trapping on publicly owned lands within the jurisdiction without possessing a valid permit. A permit shall be issued by the clerk or chief clerical officer of the jurisdiction to any applicant who can satisfactorily demonstrate the following:

(1) They possess a valid state trapper's license; or

(2) They are under the age of 16 years and have completed a course in trapper education offered by or under the sponsorship of the department of natural resources; or

(3) They have at least three years of previous trapping experience and have not, within the preceding three years, been convicted of a violation of any trapping law, ordinance or rule.

No person shall place or set any trap with a jaw spread greater than six inches upon land.

A violation of this ordinance is a misdemeanor.

Subd. 2. [ADDITIONAL REGULATIONS.] After January 1, 1982:

(a) Any regulations or prohibitions on trapping or the sale of traps by a statutory or home rule charter city or by a county or other political subdivision other than the model ordinance provided in subdivision 1 are void and shall not be enforced; and

(b) No such regulations or prohibitions shall be adopted which are different from or in addition to the model ordinance provided in subdivision 1 without prior approval by the commissioner of natural resources. Regulations or prohibitions approved by the commissioner shall be summarized in the synopsis furnished to trapping license applicants.

Sec. 11. [REPEALER.]

Minnesota Statutes 1980, Section 101.42, Subdivision 10, is repealed."

Page 5, line 19, delete "and" and after "6" insert ", 8, 9 and 10"

Page 5, line 20, delete "8" and insert "11"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "possession;" insert "prescribing requirements for carrying and use of firearms and ammunition; providing that political subdivisions that wish to adopt trapping regulations must adopt a model trapping ordinance;"

Page 1, line 7, after "and" insert "100.29, Subdivisions 3 and 9; proposing new law coded in Minnesota Statutes, Chapter 100; repealing Minnesota Statutes 1980, Section"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S. F. No. 285: A bill for an act relating to natural resources; regulating the use of state funded trails; providing a penalty; amending Minnesota Statutes 1980, Section 84.90, Subdivision 4; proposing new law coded in Minnesota Statutes, Chapter 85.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, lines 14 to 18, delete the new language

Page 1, line 21, after the period, insert "*It is unlawful for a person to mutilate, destroy, damage, or remove any shelter, comfort station or other trail facility on any trail established on state owned land or on any recreational trail which is funded in whole or in part by state grant-in-aid funds.*"

Page 1, line 24, delete everything after "section" and insert a comma

Page 1, line 25, delete "*the acquisition of*"

Page 1, line 26, before the period, insert "*to a local unit of government*"

Page 2, line 1, after "Subd. 2." insert "[AUTHORITY OF LOCAL GOVERNMENT.] *A local government unit that receives state grant-in-aids for any trail may:*

(a) *Designate the trail for exclusive use by snowmobiles or for exclusive nonmotorized use from December 1 to April 1 of any year; and*

(b) *Issue any permit required under subdivisions 3 to 5.*

Subd. 3."

Page 2, line 2, delete "*and only*"

Page 2, line 3, delete "*shall be issued by the*"

Page 2, line 4, delete everything before "*shall*"

Page 2, line 11, delete "3" and insert "4"

Page 2, line 15, delete "4" and insert "5"

Page 2, line 17, delete the second comma

Page 2, line 18, after "*for*" insert "*exclusive*"

Page 2, line 20, delete "5" and insert "6"

Page 2, line 21, delete "2, 3 and 4" and insert "3 to 5"

Page 2, line 28, before the semicolon, insert "*under the direction of the local unit of government which manages the trail*"

Page 2, line 30, before "land" insert "a"

Page 2, line 30, delete "owners" and insert "owner"

Page 2, line 31, before the period, insert "*, but only with respect to operation on the land of that owner*"

Page 2, after line 31, insert:

"Subd. 7. [STREETS AND HIGHWAYS.] This section does not apply to any portion of a trail located on any street or highway as defined in section 169.01.

Subd. 8. [ENFORCEMENT.] The provisions of this section may be enforced by officers of the department of natural resources as provided in section 97.50."

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "permitting conservation officers to enforce prohibitions of vandalism of shelters and facilities on state and local trails;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which were referred

H. F. Nos. 678 and 332 for comparison with companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F.No.	S.F.No.
678	820			332	352

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 678 be amended as follows:

Page 2, line 1, reinstate the stricken language except for "~~(optional)~~"

Page 2, delete line 2

Page 10, after line 8, insert

"Sec. 17. Minnesota Statutes 1980, Section 209.02, Subdivision 4, is amended to read:

Subd. 4. [NOTICE OF CONTEST, HOW SERVED.] Service of the notice of contest shall be made in the same manner as provided for the service of summons in civil actions. In all cases ~~two copies~~ *one copy* of the notice shall be furnished the official authorized to issue the certificate of election at the time of service upon him, and ~~the official shall send~~ *one copy thereof shall be served* by certified mail ~~to~~ *on* the contestee at his last known address. ~~If the sheriff is~~

unable to make personal or substituted service upon the contestee, then the affidavit of the sheriff to that effect and the affidavit of the official authorized to issue the certificate of election that he sent a copy to the contestee by certified mail to his last known address shall be sufficient to confer jurisdiction upon the proper court to hear and determine the contest."

Page 10, line 9, delete "17" and insert "18"

Page 10, line 11, after "202A.54" insert a semicolon

Amend the title as follows:

Page 1, line 11, before "repealing" insert "and 209.02, Subdivision 4;"

And when so amended H. F. No. 678 will be identical to S. F. No. 820, and further recommends that H. F. No. 678 be given its second reading and substituted for S. F. No. 820, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 332 be amended as follows:

Page 3, lines 33 and 36, delete "18" and insert "17"

Page 4, line 3, delete "18" and insert "17"

Page 7, line 5, delete "18" and insert "17"

Page 8, line 6, delete "18" and insert "17"

Page 12, line 12, delete "2" and insert "1"

Page 15, line 4, delete "18" and insert "17"

Page 16, line 12, delete "18" and insert "17"

Page 16, line 21, delete "14" and insert "13"

Page 17, line 15, delete "18" and insert "17"

Page 19, line 21, delete "18" and insert "17"

Page 21, lines 24 and 30, delete "18" and insert "17"

Page 22, lines 6 and 9, delete "18" and insert "17"

Amend the title as follows:

Page 1, line 2, delete "franchises" and insert "commerce"

Page 1, line 10, delete "as" and insert "in"

Page 1, line 11, delete "Chapters 80C and 80E" and insert "Chapter 80C; proposing new law coded as Minnesota Statutes, Chapter 80E"

And when so amended H. F. No. 332 will be identical to S. F. No. 352, and further recommends that H. F. No. 332 be given its second reading and substituted for S. F. No. 352, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which

was referred

H. F. No. 241 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
				241	1118

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 461, 975, 897, 1126, 662, 942, 1223, 1179, 983, 779, 712, 981, 993, 945, 876, 207, 1079, 724 and 285 were read the second time.

SECOND READING OF HOUSE BILLS

H. F. Nos. 30, 518, 365, 401, 189, 678, 332 and 241 were read the second time.

MOTIONS AND RESOLUTIONS

Messrs. Wegener and Frank introduced—

Senate Resolution No. 53:

A Senate resolution congratulating the Cardinals basketball team from Staples High School for winning the 1981 Class A State High School Boys Basketball Consolation Championship.

Referred to the Committee on Rules and Administration.

Mr. Dieterich introduced—

Senate Resolution No. 54:

A Senate resolution congratulating the Minutemen boys' basketball team from St. Paul Central High School for winning 3rd place in the 1981 Class AA State High School Boys' Basketball Championship.

Referred to the Committee on Rules and Administration.

SUSPENSION OF RULES

Mr. Moe, R. D. moved that the rules of the Senate be so far suspended that H. F. No. 435, No. 153 on General Orders, be made a Special Order for

immediate consideration. The motion prevailed.

SPECIAL ORDER

H. F. No. 435: A bill for an act relating to taxation; income; property tax refund; adopting certain federal income tax amendments; amending Minnesota Statutes 1980, Sections 290.01, Subdivision 20; 290.06, Subdivision 14; 290.07, Subdivision 5; 290.077, Subdivision 4; 290.08, Subdivisions 8 and 20; 290.09, Subdivisions 3, 4, 17a, and 19; 290.091; 290.131, Subdivision 2; 290.132, Subdivision 2; 290.135, Subdivision 2; 290.136, Subdivision 1; 290.138, by adding a subdivision; 290.26, Subdivision 2; 290.31, Subdivision 3; 290.41, by adding subdivisions; 290.92, Subdivision 20; 290.934, Subdivision 4; 290.971, by adding a subdivision; 290A.03, Subdivision 3; 474.12, Subdivision 2; and Laws 1980, Chapter 607, Article I, Section 34; repealing Minnesota Statutes 1980, Sections 290.08, Subdivisions 7 and 13; 290.09, Subdivision 12; 290.136, Subdivisions 2, 3, 4, 5, 6, 7, and 9; 290.137, and 290.138, Subdivisions 1 and 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Dicklich	Kronebusch	Peterson, C. C.	Solon
Bang	Dieterich	Lantry	Peterson, D. L.	Spear
Belanger	Engler	Lessard	Peterson, R. W.	Stern
Benson	Frank	Lindgren	Petty	Stokowski
Berg	Frederick	Luther	Pillsbury	Stumpf
Berglin	Frederickson	Menning	Purfeerst	Taylor
Bernhagen	Hanson	Merriam	Ramstad	Tennessen
Bertram	Hughes	Moe, D. M.	Renneke	Ulland
Brataas	Johnson	Moe, R. D.	Rued	Vega
Chmielewski	Keeffe	Nelson	Schmitz	Waldorf
Dahl	Knoll	Olhoft	Setzepfandt	Willet
Davies	Knutson	Pehler	Sieloff	
Davis	Kroening	Penny	Sikorski	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Penny moved that S. F. No. 759 be recalled from the House of Representatives for further consideration. The motion prevailed.

CALENDAR

H. F. No. 396: A bill for an act relating to the military; requiring the adjutant general to furnish an American flag to the closest surviving relative of a deceased person who served six or more years in the Minnesota National Guard; proposing new law coded in Minnesota Statutes, Chapter 192.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called; and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Dicklich	Lantry	Peterson, R. W.	Stern
Bang	Frank	Lessard	Petty	Stokowski
Belanger	Frederick	Lindgren	Pillsbury	Stumpf
Benson	Frederickson	Luther	Purfeerst	Taylor
Berg	Hanson	Menning	Ramstad	Tennessen
Berglin	Hughes	Merriam	Renneke	Ulland
Bernhagen	Humphrey	Moe, D. M.	Rued	Vega
Bertram	Johnson	Moe, R. D.	Schmitz	Waldorf
Brataas	Keefe	Nelson	Setzepfandt	Wegener
Chmielewski	Knoll	Olhoft	Sieloff	Willet
Dahl	Knutson	Pehler	Sikorski	
Davies	Kroening	Penny	Solon	
Davis	Kronebusch	Peterson, D. L.	Spear	

So the bill passed and its title was agreed to.

S. F. No. 964: A bill for an act relating to human rights; requiring certain state contractors to have affirmative action plans approved by the commissioner of human rights; amending Minnesota Statutes 1980, Section 363.073; proposing new law coded in Minnesota Statutes, Chapter 363.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Ashbach	Frank	Lantry	Peterson, D. L.	Solon
Belanger	Frederick	Lessard	Peterson, R. W.	Spear
Benson	Frederickson	Lindgren	Petty	Stern
Berglin	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	Menning	Purfeerst	Stumpf
Bertram	Humphrey	Merriam	Ramstad	Taylor
Brataas	Johnson	Moe, D. M.	Renneke	Tennessen
Chmielewski	Keefe	Moe, R. D.	Rued	Ulland
Dahl	Knoll	Nelson	Schmitz	Vega
Davies	Knutson	Olhoft	Setzepfandt	Waldorf
Davis	Kroening	Pehler	Sieloff	Wegener
Dicklich	Kronebusch	Penny	Sikorski	Willet

Mr. Berg voted in the negative.

So the bill passed and its title was agreed to.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Tennessen in the chair.

After some time spent therein, the committee arose, and Mr. Tennessen reported that the committee had considered the following:

S. F. Nos. 915, 916, 708, 760, 1058 and 886, which the committee recommends to pass.

S. F. No. 70, which the committee reports progress, subject to the following motions:

Mr. Davies moved to amend S. F. No. 70 as follows:

Page 2, line 13, after "in" insert "*memoranda*,"

Page 2, line 30, after the comma, insert "*memoranda*,"

The motion prevailed. So the amendment was adopted.

Mr. Humphrey moved to amend S. F. No. 70 as follows:

Page 2, delete section 2

Amend the title as follows:

Page 1, line 3, delete "declaring"

Page 1, delete lines 4 and 5

Page 1, line 6, delete "evidence of legislative intent;"

Page 1, line 7, delete everything after "645.16" and insert a period

Page 1, delete line 8

The motion prevailed. So the amendment was adopted.

S. F. No. 70 was then progressed.

S. F. No. 525, which the committee recommends to pass with the following amendments offered by Messrs. Willet and Sikorski:

Mr. Willet moved to amend S. F. No. 525 as follows:

Page 3, line 6, delete "*may*" and insert "*shall*"

Page 3, line 15, delete "*it*" and insert "*the advertising device*"

Page 3, line 22, delete "*or maintaining*"

The motion prevailed. So the amendment was adopted.

Mr. Sikorski moved to amend S. F. No. 525 as follows:

Page 3, line 5, delete everything before "*The*"

Page 3, delete lines 18 to 23

The motion prevailed. So the amendment was adopted.

S. F. No. 625, which the committee recommends to pass with the following amendment offered by Mr. Hanson:

Page 1, line 20, strike "*whereof*" and insert "*of which*"

Page 2, line 34, strike "*corporations*" and insert "*corporation*"

Page 3, line 30, delete "*rental*" and insert "*the*"

Page 3, line 30, delete "*used for residential purposes*"

Page 3, lines 33 and 36, delete "*commenced*"

Page 3, line 34, delete "*sections*" and insert "*section*"

Page 3, line 34, after "*or*" insert "*section*"

Page 4, line 4, delete "*provisions*" and insert "*provision*"

Page 4, line 4, delete "*shall*" and insert "*does*"

Page 4, line 14, after "*with*" strike "*a*"

Page 4, line 15, before "*court*" insert "*the*"

Page 4, line 18, strike "*thereupon*"

Page 4, line 21, strike "*not*"

Page 4, line 21, after "*be*" insert "*not*"

Page 4, line 22, strike both commas

Page 4, line 24, strike "*it is so*" and insert "*the copy is*"

Page 4, line 24, strike the second comma

Page 4, line 30, strike everything after "*day*"

Page 4, lines 31 to 33, strike the old language and delete the new language

Page 4, line 34, before "*service*" insert "*in the manner provided for*"

Page 4, line 35, strike "*In case*"

Page 4, line 35, before "*the*" insert "*If*"

Page 5, line 7, strike everything after "*by*"

Page 5, strike line 8

Page 5, line 9, strike "*action, or by*"

Page 5, line 9, strike "*other*"

Page 5, line 10, strike "*In case*" and insert "*If*"

Page 5, line 10, strike "*of which*"

Page 5, strike line 11

Page 5, line 12, strike "*proof,*"

Page 5, line 12, strike "*further that there is*"

Page 5, line 12, strike "*occupying*" and insert "*occupies*"

Page 5, line 13, strike "*then*"

Page 5, line 14, strike "*by*" and insert "*of*"

Page 5, line 14, strike both commas

Page 5, line 14, strike "*in the court in*"

Page 5, line 15, strike "*which the action is brought*"

Page 5, line 15, strike "*he believes*" and insert "*(I)*"

Page 5, line 16, strike "*is not in this state, or*"

Page 5, line 16, strike "*therein*" and insert "*or on belief that the defendant is not in this state*"

Page 5, line 17, strike "*either that he has mailed*" and insert "*(2)*"

Page 5, line 17, after "*summons*" insert "*has been mailed*"

Page 5, line 18, strike “, or that”

Page 5, line 18, delete “the”

Page 5, line 18, strike “address is not” and insert “if any is”

Page 5, line 19, strike “him” and insert “the plaintiff”

Page 5, line 21, strike “and” and insert a period

Page 5, line 21, strike “upon the return day”

Page 5, line 22, strike both commas

Page 5, line 22, after “court” insert “upon the return day”

Page 5, line 23, strike “then” and insert a comma

The motion prevailed. So the amendment was adopted.

S. F. No. 452, which the committee recommends to pass, subject to the following motions:

Mr. Renneke moved to amend S. F. No. 452 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1980, Section 11A.24, is amended by adding a subdivision to read:

Subd. 6. [PREFERENCE FOR CERTAIN INVESTMENTS.] The state board of investment shall attempt whenever possible to give a preference to authorized investment securities which meet the standard of care set forth in section 11A.09 and which, in the opinion of the state board, constitute either an investment in a Minnesota business or an investment which has a substantial beneficial effect on the economy of the state of Minnesota.”

Amend the title as follows:

Page 1, line 3, delete everything after “establishing” and insert “a preference for certain investments”

Page 1, line 4, delete everything before the semicolon

Page 1, line 5, delete “11A.09” and insert “11A.24, by adding a subdivision”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 29, as follows:

Those who voted in the affirmative were:

Bang	Engler	Kronebusch	Rued	Ulland
Belanger	Frederick	Lindgren	Schmitz	
Benson	Frederickson	Peterson, D.L.	Setzepfandt	
Berg	Keefe	Pillsbury	Sieloff	
Brataas	Knutson	Renneke	Taylor	

Those who voted in the negative were:

Berglin	Dieterich	Lantry	Pehler	Stumpf
Bertram	Frank	Luther	Peterson, R. W.	Tennesen
Dahl	Hanson	Menning	Petty	Vega
Davies	Johnson	Merriam	Sikorski	Waldorf
Davis	Knoll	McE, D. M.	Spear	Wegener
Dicklich	Kroening	Nelson	Stokowski	

The motion did not prevail. So the amendment was not adopted.

Mr. Berg moved to amend S. F. No. 452 as follows:

Pages 2 and 3, delete subdivision 4

Page 3, line 11, delete "5" and insert "4"

Page 3, line 14, delete "subdivisions" and insert " subdivision" and delete "and 4"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 32, as follows:

Those who voted in the affirmative were:

Ashbach	Brataas	Knutson	Ramstad	Ulland
Bang	Engler	Kronebusch	Renneke	Waldorf
Belanger	Frederick	Lindgren	Rued	
Benson	Frederickson	Peterson, D.L.	Sieloff	
Berg	Keefe	Pillsbury	Taylor	

Those who voted in the negative were:

Berglin	Hanson	Luther	Penny	Stokowski
Bertram	Hughes	Menning	Peterson, R. W.	Tennessen
Dahl	Humphrey	Merriam	Petty	Vega
Davis	Johnson	Moe, D. M.	Schmitz	Willet
Dicklich	Knoll	Moe, R. D.	Sikorski	
Dieterich	Kroening	Nelson	Spear	
Frank	Lantry	Pehler	Stern	

The motion did not prevail. So the amendment was not adopted.

Mr. Renneke moved to amend S. F. No. 452 as follows:

Page 2, line 28, before the semicolon, insert " ; provided that the board shall not purchase real estate used for farming in this state"

The motion prevailed. So the amendment was adopted.

The question was taken on the recommendation to pass S. F. No. 452.

The roll was called, and there were yeas 29 and nays 27, as follows:

Those who voted in the affirmative were:

Berglin	Hanson	Lantry	Olhott	Spear
Bertram	Hughes	Luther	Pehler	Stern
Dahl	Humphrey	Merriam	Penny	Stokowski
Davis	Johnson	Moe, D. M.	Peterson, R. W.	Vega
Dicklich	Knoll	Moe, R. D.	Petty	Willet
Frank	Kroening	Nelson	Solon	

Those who voted in the negative were:

Ashbach	Dieterich	Kronebusch	Renneke	Tennessen
Bang	Engler	Lessard	Rued	Ulland
Belanger	Frederick	Lindgren	Schmitz	Waldorf
Benson	Frederickson	Peterson, D.L.	Setzepfand	
Berg	Keefe	Pillsbury	Sieloff	
Davies	Knutson	Ramstad	Taylor	

The motion prevailed. So S. F. No. 452 was recommended to pass.

On motion of Mr. Tennesen, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Nelson moved that S. F. No. 209 be taken from the table. The motion prevailed.

Mr. Nelson moved that the Senate do not concur in the amendments by the House to S. F. No. 209, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Dicklich introduced—

S.F. No. 1346: A bill for an act relating to the revenue recapture act; expanding the definition of claimant agencies to include counties; amending Minnesota Statutes 1980, Sections 270A.02; and 270A.03, Subdivision 2.

Referred to the Committee on Judiciary.

Mr. Waldorf introduced—

S.F. No. 1347: A bill for an act relating to welfare; clarifying certain provisions for determination of cost of care at state hospitals; directing the commissioner of public welfare to promulgate rules; changing the responsibility of relatives under certain circumstances; altering the method of charging for outpatient care; giving claims against estates of deceased patients or responsible relatives preferred status; amending Minnesota Statutes 1980, Sections 246.50, Subdivision 5; 246.51; 246.53; and 487.39, Subdivision 1.

Referred to the Committee on Health, Welfare and Corrections.

Messrs. Wegener, Chmielewski, Rued and Dahl introduced—

S.F. No. 1348: A bill for an act relating to cooperatives; allowing electric cooperatives to acquire certain unclaimed distributions, redemptions, or payments by forfeiture; proposing new law coded in Minnesota Statutes, Chapter 308.

Referred to the Committee on Judiciary.

Messrs. Pehler and Johnson introduced—

S.F. No. 1349: A bill for an act relating to taxation; property tax assessment;

providing penalties and bonuses for certain property assessment performance; amending Minnesota Statutes 1980, Section 275.51, Subdivision 3d; proposing new law coded in Minnesota Statutes, Chapter 477A; repealing Minnesota Statutes 1980, Section 477A.04.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Knoll; Moe, R.D.; Ashbach; Pehler and Humphrey introduced—

S.F. No. 1350: A bill for an act relating to state departments; creating a department of state and community resources; transferring all the functions of the state planning agency, energy agency, and department of economic development, and the staff of the crime control planning board, to the department of state and community resources; abolishing the state planning agency, energy agency, and department of economic development; amending Minnesota Statutes 1980, Sections 3.922, Subdivision 1; 4.10; 4.11, Subdivisions 4 and 5; 4.12; 4.125; 4.13; 4.17; 4.18, Subdivision 2; 4.191; 4.26; 4.274.29; 4.35; 4.36, Subdivisions 2, 3, 4, and 5; 15.01; 15.057; 15.50, Subdivision 2; 15A.081, Subdivision 1; 16.014, Subdivision 1; 16.084; 16.086, Subdivisions 1 and 2; 16.125, Subdivision 2; 16.756, Subdivision 1; 18.023, Subdivision 11; 18.024, Subdivision 1; 43.09, Subdivision 2a; 84.028, Subdivision 2; 84.54; 85.016; 85.017; 86.72, Subdivision 3; 86A.06; 86A.09, Subdivisions 1, 2, 3, and 4; 92.35; 92.36; 92.37; 104.03, Subdivision 1; 104.35, Subdivisions 2 and 3; 105.484; 105.485, Subdivision 3; 114A.03, Subdivision 1; 115A.07, Subdivision 1; 115A.12, Subdivision 2; 115A.15, Subdivision 5; 116C.03, Subdivisions 2, 3, and 4; 116H.05; 116H.06, 116H.07; 116H.08; 116H.085; 116H.087; 116H.088, Subdivision 1; 116H.089; 116H.09, Subdivisions 1, 4, and 5; 116H.10; 116H.11; 116H.12, Subdivisions 1, 1b, 2, 4, 5, 6, and 9; 116H.121, Subdivisions 1 and 2; 116H.122; 116H.123; 116H.124; 116H.126; 116H.127; 116H.128; 116H.129, Subdivisions 1, 4, 5, 6, and 8; 116H.13; 116H.14; 116H.15, Subdivision 2; 116H.17; 116H.18; 116H.19, Subdivision 1; 116H.23; 120.78, Subdivision 1; 124.225, Subdivision 4a; 126.111, Subdivision 2; 137.31, Subdivision 6; 138.93, Subdivision 4; 145.834; 145.835, Subdivision 1; 145.836, Subdivision 1; 145.837, Subdivision 1; 145.845; 145.912, Subdivision 15; 160.262, Subdivisions 1 and 3; 160.265, Subdivision 1; 174.03, Subdivision 7; 204.06, Subdivision 1b; 216B.241, Subdivision 2; 222.62; 222.65; 245.783, Subdivision 2; 268.014; 273.74, Subdivisions 2 and 5; 275.53, Subdivisions 1, 3, and 4; 290.06, Subdivision 14; 298.48, Subdivision 4; 299A.03, Subdivision 5; 299A.04; 301.75; 301.77, Subdivision 1; 301A.01, Subdivision 1; 301A.05; 301A.07, Subdivision 1; 325F.19, Subdivision 3; 325F.19, Subdivision 6; 325F.20, Subdivision 1; 325F.21, Subdivision 2; 325F.23, Subdivision 1; 325F.24, Subdivision 3a; 362.12, Subdivision 1; 362.13; 362.132; 362.40, Subdivisions 8, 9, and 10; 362.41, Subdivision 5; 362.42; 362.51, Subdivisions 8 and 10; 362A.06; 402.045; 402.062, Subdivision 1; 402.095; 451.09, Subdivision 2; 462.375; 462.384, Subdivision 7; 462.385, Subdivisions 1 and 3; 462.386; 462.387; 462.39, Subdivisions 2 and 3; 462.391, Subdivisions 2, 3, and 4; 462.395; 462.396, Subdivision 1; 462.398; 462.421, Subdivision 21; 462A.05, Subdivision 15b; 473.204, Subdivision 2; 473.411, Subdivision 1; 473.857, Subdivision 2; 473H.06, Subdivision 5; 474.01, Subdivisions 6, 7, and 8; 641.24; proposing new law coded as Minnesota Statutes, Chapter 116J; repealing Minnesota

Statutes 1980, Sections 4.11, Subdivisions 1, 2, 3, 6, 7, and 8; 4.15; 4.16; 16.014, Subdivision 3; 115A.08, Subdivisions 1, 2, and 3; 116H.001; 116H.02, Subdivisions 2 and 4; 116H.03; 116H.09, Subdivisions 2 and 3; 116H.12, Subdivision 3b; 126.52, Subdivision 12; 254A.06; 362.07; 362.08; 362.09; 362.10, 362.11; 362.12, Subdivisions 2 and 3; 362.121; 362.125; 362.15; 362.17; 362.18; 362.19; 362.23; 462.711; and 473.571, Subdivisions 2, 3, and 4.

Referred to the Committee on Governmental Operations.

Mr. Hanson introduced—

S.F. No. 1351: A bill for an act relating to counties; excepting a county legal assistance levy from levy limits; amending Minnesota Statutes 1980, Section 375.167, Subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Spear moved that H. F. No. 659 be withdrawn from the Committee on Public Employees and Pensions and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 779. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Willet from the Committee on Finance, to which was referred

S. F. No. 359: A bill for an act relating to workers' compensation; expressing the intent of the legislature with respect to chapter 176; transferring compensation judges from the workers' compensation division to a separate division within the office of administrative hearings; making the workers' compensation court of appeals a separate and independent agency with appellate review powers; providing for a discount assumption with respect to calculating reserves for claims of insurance companies; authorizing the commissioner of insurance to initiate a rate hearing; permitting benefit payment amounts to be rounded to whole dollars; clarifying certain provisions with respect to the Minnesota workers' compensation reinsurance association; redefining the maximum reinsurance liability limitation as a prefunded limit; providing for a survey of closed compensation claims and an examination of insurer reserving practices; removing the exemption of political subdivisions from the definitions of insurer and insurance in chapter 79; providing for the design and implementation of an improved records and information system in the department of labor and industry; providing for the addition of rehabilitation and computer support personnel in the department of labor and industry; permitting the commissioner of labor and industry to negotiate with his counterparts in other states in jurisdictional disputes; establishing a preponderance of the evidence standard in factual determinations under chapter 176; granting subrogation rights to the special compensation fund in third party actions;

providing for lump sum permanent partial disability payments on return to work and weekly payments if an employee could but does not return to work; limiting attorneys' fees to only disputed portions of claims; providing a procedure for settlement offers by any litigant in a disputed claim proceeding; requiring claimants' attorneys to provide their clients with written information regarding fees under chapter 176; providing a penalty for attorneys who violate the fee provisions of chapter 176; providing a ten year limitation on death benefits to dependents; providing rehabilitation opportunities for dependent surviving spouses; requiring the commissioner of labor and industry to adopt disability degree schedules; prohibiting combined workers' compensation and government survivor benefits from exceeding the limit provided in chapter 176; providing a new formula for determining assessments against employers and insurers for the special compensation fund; providing for payment of attorneys' fees in disputes over supplementary benefits; requiring the commissioner of labor and industry to utilize a medical fee schedule; requiring the commissioner to review the quality of care and other aspects of medical delivery under workers' compensation; establishing a medical panel to resolve disputes over medical disability; providing for payment of wage replacement or disability payments by a group insurer under appropriate provisions pending resolution of liability dispute over compensability; providing for early payment of benefits and a penalty for delay; requiring benefit payments to be made by immediately negotiable instrument; providing that notices of discontinuance of benefit payments be sent directly to claimant by insurer; providing that division legal assistance employees be transferred to the attorney general; delaying first benefit adjustment under chapter 176 for 52 weeks from date of injury; mandating an insurance rate reduction by an amount reflecting cost savings due to benefit and administrative changes; providing penalties; appropriating money; amending Minnesota Statutes 1980, Sections 15.052, Subdivisions 1 and 3; 15A.083, by adding a subdivision; 43.064; 60A.15, Subdivision 1; 79.01, Subdivisions 2 and 3; 79.071, by adding subdivisions; 79.34, Subdivisions 1 and 2; 79.35; 79.36; 175.007; 175.101, by adding a subdivision; 175.11, Subdivision 1; 175.14; 175.17; 176.021, Subdivisions 1 and 3, and by adding subdivisions; 176.041, by adding a subdivision; 176.061, Subdivisions 1, 3, 4, 5, 6 and 7; 176.081, Subdivision 1, and by adding subdivisions; 176.101, Subdivision 3; 176.102, by adding a subdivision; 176.105, Subdivision 1; 176.111, Subdivisions 6, 7, 8, 10 and 21, and by adding a subdivision; 176.131, Subdivision 10; 176.132, Subdivision 2; 176.133; 176.136; 176.161, Subdivision 1; 176.181, Subdivisions 2 and 3, and by adding a subdivision; 176.191; 176.221; 176.225, by adding a subdivision; 176.231, Subdivisions 2 and 7; 176.241, Subdivisions 1, 2 and 3; 176.261; 176.291; 176.301, Subdivision 1; 176.305; 176.311; 176.331; 176.341, Subdivision 1; 176.351; 176.371; 176.381; 176.391; 176.401; 176.411, Subdivisions 1 and 2; 176.421, Subdivisions 1, 5, 6 and 7; 176.431, Subdivision 1; 176.441, Subdivision 1; 176.461; 176.471, Subdivisions 3, 5, 6 and 8; 176.491; 176.511, Subdivision 1; 176.521, Subdivisions 1 and 2; 176.531, Subdivision 3; 176.645; and 179.74, Subdivision 4; proposing new law coded as Minnesota Statutes, Chapter 175A; and proposing new law coded in Minnesota Statutes, Chapter 176; repealing Minnesota Statutes 1980, Sections 175.006, Subdivisions 1a and 2; 175.0061; 175.09; 176.111, Subdivision 11; 176.155, Subdivision 2; and 176.441, Subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 61, insert:

"Section 1. Minnesota Statutes 1980, Section 10A.01, Subdivision 18, is amended to read:

Subd. 18. "Public official" means any:

(a) Member of the legislature;

(b) Constitutional officer in the executive branch and his chief administrative deputy;

(c) Member, chief administrative officer or deputy chief administrative officer of a state board or commission which has at least one of the following powers: (i) the power to adopt, amend or repeal rules, or (ii) the power to adjudicate contested cases or appeals;

(d) Commissioner, deputy commissioner or assistant commissioner of any state department as designated pursuant to section 15.01;

(e) Individual employed in the executive branch who is authorized to adopt, amend or repeal rules or adjudicate contested cases;

(f) Executive director of the state board of investment;

(g) Executive director of the Indian affairs intertribal board;

(h) Commissioner of the iron range resources and rehabilitation board;

(i) Director of mediation services;

(j) Deputy of any official listed in clauses (e) to (i);

(k) Judge of the workers' compensation court of appeals;

(l) Hearing examiner or compensation judge in the state office of administrative hearings or hearing examiner in the department of economic security;

(m) Solicitor general or deputy, assistant or special assistant attorney general;

(n) Individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher or attorney in the office of senate research, senate counsel, or house research; or

(o) Member or chief administrative officer of the metropolitan council, metropolitan transit commission, metropolitan waste control commission, metropolitan parks and open spaces commission, metropolitan airports commission or metropolitan sports facilities commission."

Page 3, line 11, delete "*and compensation judges*"

Page 3, line 12, after "*and*" insert "*compensation judges shall have a demonstrated knowledge of*"

Page 3, line 13, delete "*, as the case may be,*"

Page 3, after line 15, insert:

"Sec. 3. Minnesota Statutes 1980, Section 15.052, Subdivision 2, is amended to read:

Subd. 2. When regularly appointed hearing examiners or compensation judges are not available, the chief hearing examiner may contract with qualified individuals to serve as hearing examiners. Such temporary hearing examiners shall not be employees of the state."

Page 3, line 19, after "chapter" insert "*or chapter 176*"

Page 3, line 22, strike "such"

Page 4, after line 5, insert:

"Sec. 5. Minnesota Statutes 1980, Section 15.052, Subdivision 4, is amended to read:

Subd. 4. The chief hearing examiner shall ~~promulgate~~ *adopt* rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings ~~and~~, contested case hearings, ~~and workers' compensation hearings.~~ *Such* The procedural rules for hearings shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief hearing examiner to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of section 15.0412, subdivisions 4 to 4f. Upon his own initiative or upon written request of an interested party, the chief hearing examiner may issue a subpoena for the attendance of a witness or the production of ~~such~~ books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 6. Minnesota Statutes 1980, Section 15.052, Subdivision 5, is amended to read:

Subd. 5. The office of administrative hearings may maintain a court reporter system and in addition to or in lieu thereof may contract with non-governmental sources for court reporter services. The court reporters may additionally be utilized as the chief hearing examiner directs. Unless the chief hearing examiner determines that the use of a court reporter is more appropriate, an audio magnetic recording device shall be used to keep a record at any hearing which takes place under this chapter *or chapter 176*.

Court reporters serving in the court reporter system of the office of administrative hearings shall be in the classified service. Notwithstanding the provisions of section 15.17, subdivision 4, copies of transcriptions of hearings conducted pursuant to this section may be obtained only through the office of administrative hearings."

Page 6, line 24, after the period insert "*A hearing held pursuant to this subdivision is not subject to the contested case proceeding requirements of sections 79.071 and 79.072, notwithstanding section 79.076.*"

Page 7, line 22, after "*duties of*" delete "*the*"

Page 14, after line 19, insert:

"Sec. 12. Minnesota Statutes 1980, Section 79.071, Subdivision 1, is amended to read:

Subdivision 1. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which business is written until January 1, 1986. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of the association or any other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record, for the service of rejected risks as set forth in sections 79.24 to 79.27.

Sec. 19. [79.50] [PURPOSES.]

The purposes of chapter 79 are to:

(a) Promote public welfare by regulating insurance rates so that premiums are not excessive, inadequate, or unfairly discriminatory;

(b) Promote quality and integrity in the data bases used in workers' compensation insurance ratemaking;

(c) Prohibit price fixing agreements and anticompetitive behavior by insurers;

(d) Promote price competition and provide rates that are responsive to competitive market conditions;

(e) Provide a means of establishment of proper rates if competition is not effective;

(f) Define the function and scope of activities of data service organizations; and

(g) Provide for an orderly transition from regulated rates to competitive market conditions.

Sec. 20. [79.51] [RULES.]

Subdivision 1. [ADOPTION; WHEN.] The commissioner shall adopt rules to implement provisions of chapter 79. The rules shall be finally adopted after May 1, 1982. By January 15, 1982, the commissioner shall provide the legislature a description and explanation of the intent and anticipated effect of the rules on the various factors of the rating system.

Subd. 2. [TRANSITION PERIOD; RULES GOVERN.] Insurance rates from July 1, 1983, to December 31, 1985, shall be determined in accordance with rules adopted by the commissioner. The rules shall require (1) that a hearing be held pursuant to the provisions of section 79.071 to consider any petition requesting modification of rates and (2) that following the hearing the commissioner shall adopt a schedule of rates.

Subd. 3. [RULES; SUBJECT MATTER.] (a) The commissioner in issuing rules shall consider:

(1) Data reporting requirements, including types of data reported, such as loss and expense data;

(2) Experience rating plans;

- (3) *Retrospective rating plans;*
- (4) *General expenses and related expense provisions;*
- (5) *Minimum premiums;*
- (6) *Classification systems and assignment of risks to classifications;*
- (7) *Loss development and trend factors;*
- (8) *The workers' compensation reinsurance association;*
- (9) *Restrictions, prohibitions, and requirements with respect to the activities of the workers' compensation insurers rating association of Minnesota during the period from July 1, 1983, to January 1, 1986;*
- (10) *Requiring substantial compliance with the rules mandated by this section as a condition of workers' compensation carrier licensure;*
- (11) *Imposing limitations on the functions of workers' compensation data service organizations consistent with the introduction of competition;*
- (12) *The rules contained in the workers' compensation rating manual adopted by the workers' compensation insurers rating association; and*
- (13) *Any other factors that the commissioner deems relevant to achieve the purposes of sections 1 to 14.*

(b) *The rules shall provide for the following:*

- (1) *Competition in workers' compensation insurance rates in such a way that the advantages of competition are introduced with a minimum of employer hardship during the transition period;*
- (2) *Adequate safeguards against excessive or discriminatory rates in workers' compensation during the transition period;*
- (3) *Encouragement of workers' compensation insurance rates which are as low as reasonably necessary, but shall make provision against inadequate rates, insolvencies and unpaid benefits;*
- (4) *Assurances that employers are not unfairly relegated to the assigned risk pool;*
- (5) *Requiring all appropriate data and other information from insurers for the purpose of issuing rules and making legislative recommendations pursuant to this section; and*
- (6) *Preserving a framework for risk classification, data collection, and other appropriate joint insurer services where these will not impede the introduction of competition in premium rates.*

(c) *The rules shall expire on January 1, 1986.*

Subd. 4. [ADVISORY COMMITTEE.] *The commissioner shall appoint an advisory committee which shall offer recommendations regarding rulemaking under this section. The advisory committee shall include representatives of insurers, employers, and employees.*

Sec. 21. [79.52] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] *The following words or phrases shall have*

the meanings ascribed to them for the purposes of sections 19 to 32, unless the context clearly indicates that a different meaning is intended.

Subd. 2. [MARKET.] *"Market" means any reasonable grouping or classification of employers.*

Subd. 3. [DATA SERVICE ORGANIZATION.] *"Data service organization" means any entity which has ten or more members or is controlled directly or indirectly by ten or more insurers and is engaged in collecting data for use in insurance ratemaking or other activities permitted by chapter 79. Affiliated members or insurers shall be counted as a single unit for the purpose of this definition. The workers' compensation insurers rating association of Minnesota shall be considered a data service organization.*

Subd. 4. [CLASSIFICATION PLAN; CLASSIFICATION.] *"Classification plan" or "classification" means the plan, system, or arrangement for rating insurance policyholders.*

Subd. 5. [RATES.] *"Rates" means the cost of insurance per exposure base unit.*

Subd. 6. [BASE PREMIUM.] *"Base premium" means the amount of premium which an employer would pay for insurance derived by applying rates to an exposure base prior to the application of any merit rating or discount factors.*

Subd. 7. [PREMIUM.] *"Premium" means the price charged to an insured for insurance for a specified period of time, regardless of the timing of actual payments.*

Subd. 8. [DISCOUNT FACTOR.] *"Discount factor" means any factor which is applied to the base premium and which is based upon insurer expenses or other factors not related to the risk of loss.*

Subd. 9. [MERIT RATING.] *"Merit rating" means a system or form of rating by which base premium is modified on the basis of loss experience or other factors which are reasonably related to loss or risk of loss and which may be reasonably affected by the action or activities of the insured. The sensitivity of a merit rating system to loss experience may vary by the size of risk. Merit rating shall include both prospective and retrospective methods for modifying base premium.*

Subd. 10. [LOSS DEVELOPMENT FACTORS.] *"Loss development factors" means factors applied to recorded incurred losses to estimate the amount of ultimate loss payments that will have been made for losses during the applicable period when all claims are paid.*

Subd. 11. [TREND OR TRENDING.] *"Trend" or "trending" means any procedure employing data for the purpose of projecting or forecasting the future value of that data or other data, or the factors resulting from such a procedure.*

Subd. 12. [INTERESTED PARTY.] *"Interested party" means any person, or association acting on behalf of its members, directly affected by a change in the schedule of rates and includes the staff of the insurance division.*

Subd. 13. [INSURER.] *"Insurer" means any insurer licensed to transact the business of workers' compensation insurance in this state.*

Subd. 14. [INSURANCE.] 'Insurance' means workers' compensation insurance.

Subd. 15. [RATING PLAN.] 'Rating plan' means every manual, and every other rule including discount factors and merit rating necessary for the calculation of an insured's premium from an insurer's rates. An insurer may choose to adopt for use the rating plan of the data service organization in which it maintains membership.

Sec. 22. [79.53] [PREMIUM CALCULATION.]

Each insurer shall establish premiums to be paid by an employer according to its filed rates and rating plan as follows:

Rates shall be applied to an exposure base to yield a base premium which may be further modified by merit rating, premium discounts, and other appropriate factors contained in the rating plan of an insurer to produce premium. Nothing in this chapter shall be deemed to prohibit the use of any premium, provided the premium is not excessive, inadequate or unfairly discriminatory.

Sec. 23. [79.54] [COMPETITIVE MARKET PRESUMPTION.]

A competitive market is presumed to exist until the commissioner, after a hearing on the record, determines that a reasonable degree of competition does not exist and issues an order to that effect. The order shall include the conditions and procedures under which a determination of insufficient competition shall expire.

Sec. 24. [79.55] [STANDARDS FOR RATES.]

Subdivision 1. [GENERAL STANDARDS.] Premiums shall not be excessive, inadequate, or unfairly discriminatory.

Subd. 2. [EXCESSIVENESS.] No premium is excessive in a competitive market. In the absence of a competitive market, premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Subd. 3. [INADEQUACY.] Premiums are inadequate if, together with the investment income associated with an insurer's Minnesota workers' compensation insurance business, they are clearly insufficient to sustain projected losses and expenses of the insurer and (a) if their continued use could lead to an insolvent situation for the insurer; or (b) if their use destroys or lessens competition or is likely to destroy or lessen competition.

Subd. 4. [UNFAIR DISCRIMINATION.] Premiums are unfairly discriminatory if differentials for insureds fail to reasonably reflect the differences in expected losses and expenses to the insurer attributable to the insureds. Rates are not unfairly discriminatory solely because different premiums result for insureds with like loss exposures but different expense factors, or like expense factors but different loss exposures, provided that rates reflect the differences with reasonable accuracy.

Sec. 25. [79.56] [FILING RATES AND RATING INFORMATION.]

Subdivision 1. [AFTER EFFECTIVE DATE.] Each insurer shall file with

the commissioner a complete copy of its rates and rating plan, and all changes and amendments thereto, within 15 days after their effective dates. An insurer need not file a rating plan if it uses a rating plan filed by a data service organization. If an insurer uses a rating plan of a data service organization but deviates from it, then all deviations must be filed by the insurer.

Subd. 2. [BEFORE EFFECTIVE DATE.] The commissioner may order an insurer to file rates at least 30 days before the effective date of the rates (a) if the commissioner determines, based upon reasonable evidence, that an order is appropriate because of the insurer's financial condition; or (b) due to a prior finding of unfairly discriminatory rating practices; or (c) due to a prior finding of inadequate rates. The order may require that supplementary rate and supporting information be included in a filing.

Subd. 3. [PENALTIES.] Any insurer using a rate or a rating plan which has not been filed shall be subject to a fine of up to \$100 for each day the failure to file continues. The commissioner may, after a hearing on the record, find that the failure is willful. A willful failure to meet filing requirements shall be punishable by a fine of up to \$500 for each day during which a willful failure continues. These penalties shall be in addition to any other penalties provided by law.

Subd. 4. [PUBLIC INSPECTION.] All filings shall be open to public inspection during normal business hours at the offices of the insurance division.

Sec. 26. [79.57] [FILING RATES; NONCOMPETITIVE MARKET.]

Upon making a determination that a market is not competitive, the commissioner shall require rates for use in that market to be filed 30 days prior to their effective date. The filing shall include, in a form prescribed by the commissioner, an explanation of the rates and any data supporting the use of the rates which are not on file with a data service organization.

The commissioner may issue an order for a hearing at any time prior to the effective date of the rates and the rates shall not become effective until the commissioner has ruled on the rates following the hearing.

The commissioner may disapprove the rates subsequent to their effective date, except that rates so disapproved shall remain effective until the commissioner issues an order following a hearing.

Sec. 27. [79.58] [DISAPPROVAL OF RATES OR RATING PLANS.]

Subdivision 1. [RATES.] A rate filed by an insurer may be disapproved by the commissioner subsequent to its effective date. Following a disapproval and prior to a refiling the insurer shall use the rates as reasonably established by the commissioner.

The commissioner shall disapprove a rate if, after a hearing on the record, he finds that:

- (a) The premium is inadequate or unfairly discriminatory; or*
- (b) A competitive market for workers' compensation does not exist and rates are excessive; or*
- (c) The insurer failed to comply with filing requirements.*

A rehearing shall be held within 30 days of any disapproval under this

section at the request of the insurer whose rates are disapproved.

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing, the commissioner finds that it is unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data.

Sec. 28. [79.59] [INSURERS AND DATA SERVICE ORGANIZATIONS; PROHIBITED ACTIVITIES.]

Subdivision 1. [MONOPOLIZATION.] No insurer or data service organization shall attempt to monopolize or combine or conspire with any other person to monopolize the business of insurance.

Subd. 2. [AGREEMENT PROHIBITED.] No insurer shall agree with any other insurer or with a data service organization to adhere to or to use any rate, rating plan, rating schedule, rating rule, or underwriting rule except as specifically authorized by chapter 79 or for the purpose of creating experience modifications for employers with employees in more than one state.

Subd. 3. [TRADE RESTRAINT.] No insurer or data service organization shall make an agreement with any other insurer, data service organization, or other person which has the purpose or the effect of restraining trade or of substantially lessening competition.

Subd. 4. [EXCEPTIONS.] The fact that insurers writing not more than 25 percent of the workers' compensation premiums in Minnesota use the same rates, rating plans, rating schedules, rating rules, underwriting rules, or similar materials shall not alone constitute a violation of subdivision 1 or 2.

Two or more insurers under common ownership or operating under common management or control may act in concert between or among themselves with respect to matters authorized under chapter 79 as if they constituted a single insurer, provided that the rating plan of such insurers shall be considered to be a single plan for the purposes of determining unfair discrimination.

Subd. 5. [ADDITIONAL PROHIBITION.] In addition to other prohibitions contained in this chapter, no data service organization shall:

(a) Refuse to supply any service for which it is licensed or any data, except for data identifiable to an individual insurer, to any insurer authorized to do business in this state which offers to pay the usual compensation for the service or data;

(b) Require the purchase of any specific service as a condition to obtaining any other services sought;

(c) Participate in the development or distribution of rates, rating plans, or rating rules except as specifically authorized by this chapter or by rules adopted pursuant to this chapter; or

(d) Refuse membership to any licensed insurer.

Sec. 29. [79.60] [INSURERS; REQUIRED AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] Each insurer shall perform the

following activities:

(a) Maintain membership in and report loss experience data to a licensed data service organization in accordance with the statistical plan and rules of the organization as approved by the commissioner;

(b) Establish a plan for merit rating which shall be consistently applied to all insureds, provided that members of a data service organization may use merit rating plans developed by that data service organization;

(c) Provide an annual report to the commissioner containing the information and prepared in the form required by the commissioner; and

(d) Keep a record of the premiums and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner.

Subd. 2. [PERMITTED ACTIVITY.] In addition to any other activities not prohibited by chapter 79, insurers may:

(a) Through licensed data service organizations, individually, or with insurers commonly owned, managed, or controlled, conduct research and collect statistics to investigate, identify, and classify information relating to causes or prevention of losses;

(b) Develop and use classification plans and rates based upon any reasonable factors; and

(c) Develop rules for the assignment of risks to classifications.

Sec. 30. [79.61] [DATA SERVICE ORGANIZATIONS; REQUIRED AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment

and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; and

(h) Assess its members for operating expenses on a fair and equitable basis.

Subd. 2. [PERMITTED ACTIVITY.] In addition to any other activities not prohibited by chapter 79, any data service organization may:

(a) Collect and analyze data in order to investigate, identify, and classify information relating to causes or prevention of losses;

(b) Make inspections for the sole purpose of reporting and maintaining data quality;

(c) Contract with another data service organization to fulfill any of the above requirements; and

(d) Prepare and file with the commissioner a rating plan for use by any of its members, provided that no member may be required to use any part of the plan.

Sec. 31. [79.62] [DATA SERVICE ORGANIZATIONS; LICENSING, EXAMINATION.]

Subdivision 1. [LICENSE REQUIRED.] No data service organization shall provide any service and no insurer shall use the services of a data service organization unless the organization is licensed by the commissioner.

Subd. 2. [PROCEDURE; APPLICATION.] A data service organization shall apply for a license in a form and manner prescribed by the commissioner. The application of a data service organization shall include:

(a) A copy of its constitution, articles of incorporation, bylaws, and other rules pertaining to the conduct of its business;

(b) A plan and narrative describing how it will perform the activities required by sections 11 and 14;

(c) A statement showing its technical qualifications; and

(d) Any other information that the commissioner may reasonably require.

Subd. 3. [ISSUANCE.] The commissioner, upon finding that the applicant organization is qualified to provide the services required and proposed, or has

contracted with a licensed data service organization to purchase these services which are required by chapter 79 but are not provided directly by the applicant, and that all requirements of law are met, shall issue a license. Licenses shall remain in effect until the licensee withdraws from business or until the license is suspended or revoked.

Subd. 4. [SUSPENSION; REVOCATION.] *The commissioner may, after a hearing on the record, revoke or suspend the license of a data service organization if he finds that the organization is not in compliance with the requirements of chapter 79 or rules issued thereunder.*

Subd. 5. [LICENSEE EXAMINATION.] *The commissioner may examine any licensed data service organization to determine whether its activities and practices comply with law. The cost of the examination shall be paid by the examined organization.*

Sec. 32. [79.63] [ASSIGNED RISK PLAN.]

Subdivision 1. [ADMINISTRATION.] *The commissioner shall appoint a licensed data service organization to administer the assigned risk plan. The appointed data service organization shall submit to the commissioner for approval a plan and rules for administering the assigned risk plan, including a method or formula by which the organization is to be paid for administrative services.*

Subd. 2. [REJECTION; NOTICE.] *An insurer that refuses to write insurance for an applicant shall furnish the applicant a written notice of refusal and shall file a copy of the notice of refusal with the data service organization appointed pursuant to subdivision 1. Servicing insurers designated pursuant to subdivision 3 shall accept and insure any applicant for workers' compensation insurance assigned pursuant to subdivision 3.*

Subd. 3. [ASSIGNMENT.] *An insurer or insurers shall be designated by the data service organization appointed pursuant to subdivision 1 to issue a policy of workers' compensation insurance to an applicant which has been refused insurance. A policy shall contain the usual and customary provisions of workers' compensation insurance policies, but for which undertaking all insurers doing workers' compensation business in this state shall be reinsurers among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by each insurer bears to the total compensation insurance written in this state during that calendar year by all insurers.*

An insurer that issues a policy pursuant to this section shall receive an expense allowance which shall be adequate for services rendered, as approved by the commissioner.

Subd. 4. [PENALTY.] *The commissioner may revoke the license of an insurer or agent for refusing or failing to provide an applicant with written refusal pursuant to subdivision 2 or for any other violation of this section or of the approved rules of a data service organization.*

Subd. 5. [ASSIGNED RISK RATES.] *Insureds served by the workers' compensation insurance assigned risk plan shall be charged premiums based upon a rating plan, rates, and a merit rating plan adopted by the commissioner by rule. This rating plan shall include a feature by which rates shall vary in*

relation to the number or proportion of insureds in the assigned risk plan in the preceding calendar year. This relationship shall be such that assigned risk rates shall vary upward as the number or proportion of insureds in the assigned risk plan decreases and downward as the number or proportion increases. Assigned risk premiums shall not be lower than the rates generally charged by insurers for the business.

Sec. 33. Minnesota Statutes 1980, Section 60C.04, is amended to read:

60C.04 [CREATION.]

All insurers subject to the provisions of Laws 1971, Chapter 145 shall form an organization to be known as the Minnesota insurance guaranty association. All insurers defined as member insurers in section 60C.03, subdivision 6, are and shall remain members of the association as a condition of their authority to transact insurance business or to execute surety bonds in this state. The association shall perform its functions under a plan of operation established and approved under section 60C.07 and shall exercise its powers through a board of directors established under section 60C.08. For purposes of administration and assessment the association shall be divided into ~~four~~ five separate accounts: (1) the automobile insurance account, (2) the township mutuals account, (3) the fidelity and surety bond account ~~and~~, (4) the account for all other insurance to which Laws 1971, Chapter 145 applies, ~~and~~ (5) the workers' compensation insurance account.

Sec. 34. Minnesota Statutes 1980, Section 60C.09, Subdivision 2, is amended to read:

Subd. 2. [LIMITATION OF AMOUNT.] Payment of a covered claim is limited to the amount by which the allowance on any claim exceeds \$100 and is less than \$300,000. *The limitation on the amount of payment for a covered claim does not apply to claims for workers' compensation insurance.* In no event is the association obligated to the policyholder or claimant in an amount in excess of the obligation of the insurer under the policy from which the claim arises."

Page 15, line 14, delete "commissioner of the department of labor and industry" and insert "legislative coordinating commission"

Page 15, line 16, after "department" insert "of labor and industry"

Page 15, line 22, after the period insert "The installation of any computer facilities and their operation shall be completed by October 1, 1981."

Page 16, line 33, strike "prescribe" and insert "adopt" and strike "and regulations"

Page 16, line 35, strike "nonappellate" and delete "and matters"

Page 17, line 25, delete "end" and insert "expire"

Page 17, line 26, after "January" insert "of the year in which the terms expire"

Page 18, line 12, after the period insert "The workers' compensation court of appeals shall also exercise appellate jurisdiction under the laws governing employees of the state, a county or other governmental subdivision who contract tuberculosis."

Page 19, line 15, delete everything after "area"

Page 19, line 16, delete everything before the period

Page 20, delete subdivision 3

Renumber the subdivisions in sequence

Page 20, line 36, delete "his" and insert "its"

Page 21, line 27, delete "this" and after "chapter" insert "176"

Page 21, line 30, after "provided" insert "to injured workers"

Page 21, line 31, delete "this" and after "chapter" insert "176"

Page 21, after line 31, insert:

"Sec. 51. Laws 1980, Chapter 556, Section 12, is reenacted to read:

Sec. 12. Minnesota Statutes 1978, Section 176.011, Subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which pays or is obligated to pay less than \$4,000 \$8,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 1, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter."

Page 22, line 14, delete "this" and after "chapter" insert "176"

Page 24, line 23, delete "this" and after "chapter" insert "176"

Pages 22 to 24, delete Section 32 and insert:

"Sec. 54. Minnesota Statutes 1980, Section 176.021, Subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of the compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except those of medical, burial, and other non-periodic benefits, payments shall be made as nearly as may be at the intervals when the wage was payable; provided, however, that payments for permanent partial disability in cases in which return to work occurs prior to four weeks from the date of injury shall be made by lump sum payment, has occurred as provided in subdivision 3a and the provisions of section 176.165 shall not apply, without the necessity of any agreement, or order of the division, upon cessation of payments for temporary total disability and upon the employee's return to work. In cases in which return to work does not occur prior to four weeks after injury, payments for permanent partial disability shall be made according to the following schedule: 25 percent of the amount due after four weeks from the

date of injury, 25 percent after eight weeks, 25 percent after 12 weeks and 25 percent after 16 weeks, provided that any and all payments remaining shall be paid upon the cessation of payments for temporary total disability and upon the employee's return to work. If doubt exists at that time as to the eventual permanent partial disability, payment shall be then made *when due* for the minimum permanent partial disability ascertainable in lump sum, and further lump sum payment shall be made upon any later ascertainment of greater permanent partial disability. At the time of the tender of the lump sum payment, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. Compensation for permanent partial disability is payable concurrently and in addition to compensation for temporary total disability and temporary partial disability as set forth in section 176.101, subdivisions 1 and 2, and for permanent total disability as defined in section 176.101, subdivision 5; and such the compensation for permanent partial disability shall not be deferred pending completion of payment for temporary total disability but shall not be deferred pending compensation of payment for temporary partial disability or permanent total disability, and no credit shall be taken for payment of permanent partial disability against liability for temporary total or permanent total disability. Liability on the part of an employer or his insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and shall be payable accordingly. Permanent partial disability is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation. The right to receive temporary total, temporary partial, permanent partial or permanent total disability payments shall vest in the injured employee or his dependents under this chapter or, if none, in his legal heirs at the time the disability can be ascertained and the right shall not be abrogated by the employee's death prior to the making of the payment.

Sec. 55. Minnesota Statutes 1980, Section 176.021, is amended by adding a subdivision to read:

Subd. 3a. [PERMANENT PARTIAL BENEFITS, PAYMENT.] Payments for permanent partial disability shall be made in the following manner:

(a) When the employee returns to work, payment shall be made by lump sum;

(b) When temporary total payments have ceased but the employee has not returned to work, payment shall be made at the same intervals as temporary total payments were made based on the amount due;

(c) If temporary total disability payments cease because the employee is receiving payments for permanent total disability or because the employee is retiring or has retired from the work force, then payment shall be made by lump sum;

(d) If the employee completes a rehabilitation plan pursuant to section 176.302 but the employer does not furnish the employee with work he can do in his permanently partially disabled condition and the employee is unable to procure such work with another employer, then payment shall be made by lump

sum."

Page 25, line 2, after "*appeals*" insert "*or the district court*"

Page 25, line 18, strike the comma

Page 25, line 19, strike "*such*" and insert "*the*" and delete the second comma

Page 25, line 20, delete the comma

Page 25, line 30, strike "*jointly*"

Page 26, line 31, reinstate the stricken "*by*" and after the stricken "*him*" insert "*them*"

Page 26, line 35, strike the comma

Page 27, line 1, delete both commas

Page 27, line 5, delete the first comma

Page 27, line 6, delete the comma

Page 27, line 7, delete the comma

Page 27, line 8, delete the second comma

Page 27, line 9, delete the comma

Page 27, line 17, delete the comma

Page 28, line 33, after "*to*" insert "*the*" and delete "*and*" and insert "*or*"

Page 28, line 34, after "*which*" insert "*the*"

Page 28, line 36, strike "*such*" and insert "*the*"

Page 29, line 7, delete the first comma and after "*or*" insert "*the*" and delete the second comma

Page 29, line 8, strike "*his*" and insert "*the*"

Page 29, line 13, strike "*such*" and insert "*the*"

Page 29, line 14, strike "*by him*"

Page 29, line 15, strike "*such*" and insert "*the*"

Page 29, line 20, strike "*such*" and insert "*the*"

Page 30, line 2, strike "*the*"

Page 30, strike line 3 and insert "*a*"

Page 30, line 4, after "*judge,*" insert "*judge of the district court,*" and after "*or*" insert "*the*"

Page 30, line 13, strike "*judge*" and insert "*or the district court*"

Page 30, line 14, strike "*only*" and strike "*in settlements upon*"

Page 30, line 15, strike "*appeal before them*"

Page 30, after line 26, insert:

"Sec. 65. Minnesota Statutes 1980, Section 176.081, Subdivision 2, is

amended to read:

Subd. 2. Any application for attorney fees in excess of the amount which a compensation judge ~~or the workers' compensation court of appeals~~ may authorize shall be made to the ~~commissioner of labor and industry workers' compensation court of appeals~~. The application shall set forth the fee requested and the basis for such request and whether or not a hearing is requested. The application, with affidavit of service upon the employee, shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of such hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 66. Minnesota Statutes 1980, Section 176.081, Subdivision 3, is amended to read:

Subd. 3. An employee who is dissatisfied with his attorney fees, may file an application for review by the ~~commissioner of labor and industry workers' compensation court of appeals~~. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the attorney for the employee by the commissioner and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. The attorney for the employee shall be served with a notice of the hearing. The ~~commissioner of labor and industry workers' compensation court of appeals~~ shall have the authority to raise the question of the issue of the attorney fees at any time upon ~~his~~ its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 67. Minnesota Statutes 1980, Section 176.081, Subdivision 4, is amended to read:

Subd. 4. The review of a determination by the ~~commissioner of labor and industry workers' compensation court of appeals~~ shall be only by supreme court by certiorari upon the ground that it is arbitrary and unwarranted by the evidence. There shall be no review under sections 176.421 and 176.442.

Sec. 68. Minnesota Statutes 1980, Section 176.081, Subdivision 6, is amended to read:

Subd. 6. The ~~commissioner of labor and industry workers' compensation court of appeals~~ may ~~prescribe~~ adopt reasonable and proper rules and regulations to effect ~~his and the division's~~ its obligations under this section ~~without regard to the joint prescription required under section 175.17, subdivision 3.~~

Page 31, line 5, delete "Notwithstanding the provisions of subdivision 7,"

Page 31, line 7, after "employee" insert "shall not be entitled to the provisions of subdivision 7 and"

Page 31, line 12, delete "Notwithstanding the provisions of subdivision 7,"

Page 31, line 24, delete "this" and after "chapter" insert "176"

Page 31, line 28, delete "had explained" and insert "has received an explanation of"

Page 31, line 32, delete "this"

Page 31, line 33, after "chapter" insert "176"

Page 31, line 35, delete "*this*" and after "*chapter*" insert "*176*"

Page 35, line 17, strike "*, the commissioner,*" and after "*or*" insert "*as determined by*"

Page 35, line 18, after "*appeals*" insert "*in cases on appeal*"

Page 38, line 1, after "*Upon*" insert "*the*" and after "*request*" insert "*of*"

Page 38, line 2, delete "*shall be provided*" and insert a comma

Page 38, line 3, after "*services*" insert "*shall be provided*"

Page 38, line 7, after "*who*" insert "*either has not been employed full-time for five years or more, or who*"

Page 38, line 8, after "*employed*" insert a comma and delete "*an*" and insert "*a usual and customary*"

Page 38, line 9, after "*position*" insert "*in which the surviving spouse was engaged prior to the death of the employee and*"

Page 38, after line 12, insert:

““Rehabilitation services” means, for the purposes of this subdivision, services required to determine a surviving spouse’s eligibility as a qualified dependent surviving spouse and services designed to enable an individual to obtain employment in:

(a) A job related to the individual’s former employment, if any, and if it provides a reasonable living wage or salary;

(b) A job in another work field which provides a reasonable living wage or salary;

(c) A job with a higher wage or salary than would have been obtained in a job under clauses (a) or (b) if it can be demonstrated that this is necessary to increase the likelihood of employment or reemployment.”

Page 39, lines 8 and 9, delete the new language

Page 39, line 13, after "*spouse*" insert "*, at the option of the spouse,*"

Page 39, lines 16 and 17, delete "*which would have been due*" and insert "*, as defined in section 78,*"

Page 39, line 18, after "*benefits*" insert "*for a period of ten years*"

Page 39, lines 19 and 20, delete "*which would have been due*" and insert "*, as defined in section 78,*"

Page 39, line 30, delete "*section*" and insert "*subdivision*"

Page 39, line 36, delete "*, at the*"

Page 40, line 1, delete "*option of the spouse*"

Page 40, line 5, after "*paid*" insert "*, at the option of the spouse,*"

Page 40, line 9, delete "*which would have been due*" and insert "*, as defined in section 51,*"

Page 40, line 11, after "*benefits*" insert "*for a period of ten years*"

Page 40, line 12, delete "*indemnification*" and insert "*workers’ compen-*

sation" and delete "made" and insert " , as defined in section 51,"

Page 40, line 21, delete "section" and insert "subdivision"

Page 40, line 27, at the end of the line, delete "payment"

Page 40, delete line 28 and insert "that would have been paid without the"

Page 40, line 36, after "appeals" insert "or district court"

Page 42, line 23, delete "as"

Page 43, line 22, delete "1980" and insert "1981"

Page 44, line 19, reinstate the stricken language

Page 44, line 20, reinstate the stricken "compensation court of appeals" and after "appeals" insert "or district court" and reinstate the stricken "in cases before" and after the stricken "it" insert "them" and delete "on its own"

Page 44, line 21, delete "order or an order of a court"

Page 44, line 29, strike "or" and insert a comma and reinstate the stricken language and after "appeals" insert " , or" and after "a" and before "court" insert "district"

Page 44, strike lines 33 to 36

Page 45, strike line 1 and insert:

"Costs within the department of labor and industry for the accounting, investigation and legal procedures necessary for the administration of the programs financed by the special compensation fund shall come from the fund during each biennium commencing July 1, 1981. Staffing and expenditures related to the administration of the special compensation fund shall be approved through the regular budget and appropriations process."

Page 45, line 25, delete "shall" and insert "may"

Page 47, line 29, delete "PHYSICIAN" and insert "PANEL"

Page 47, line 30, after "physicians" insert " , podiatrists, chiropractors and other health care providers"

Page 48, line 3, delete "physicians" and insert " appropriate health care providers"

Page 48, line 6, delete "physician" and insert "of the health care providers finally selected"

Page 48, line 16, delete "physicians" and insert "members"

Page 48, line 22, after "physician" insert " , podiatrist, chiropractor or other health care provider"

Page 48, line 26, after "physician" insert " , podiatrist, chiropractor or other health care provider"

Page 49, line 2, delete "physicians" and insert "health care providers"

Page 49, after line 4, insert:

"Subd. 8. [LIMITATION.] The provisions of this section shall operate in lieu of section 176.155, subdivision 2, in the counties in which the medical

panel is established pursuant to this section."

Page 50, line 22, after "industry" insert a comma

Page 54, line 7, after "adopted" insert "*pursuant to chapter 176*"

Page 54, line 8, after "requires" insert "*employers applying to group self-insure to file a financial statement certified by*" and delete "*the employment of*"

Page 54, line 10, after "accountant" " insert "*by group self-insurers*"

Page 54, line 12, after "regarding" insert "*group*"

Page 54, line 13, after "to" insert "*group*"

Page 54, line 30, delete "he" and insert "*the commissioner*"

Page 55, line 11, delete "he acts" and insert "*action is taken*"

Page 56, line 32, delete "to not be as" and insert "*is not*"

Page 56, line 33, after "injury," insert "*and upon notice of discontinuance given to the employee pursuant to section 176.241,*" and delete "and"

Page 56, line 34, delete everything before the period

Page 57, line 21, after "which" insert "*the*"

Page 58, line 9, delete the new language

Page 58, delete line 10

Page 58, line 11, after "5" insert "*and any increase in benefit payments provided by section 176.225, subdivision 5,*"

Page 58, lines 17 and 18, delete the new language

Page 59, delete lines 24 and 25

Page 59, line 26, delete "fails" and insert "*When the commissioner determines that an insurer or self-insurer has continually failed*"

Page 60, line 3, after "case" insert "*and shall also file a verified copy of the same report with the agency or individual who made the request*"

Page 60, line 14, after "division" insert "*by the employer*"

Page 61, line 10, delete "this" and after "chapter" insert "176"

Page 61, line 19, after "shall" insert "*request that the chief hearing examiner*"

Page 61, line 29, delete "SHALL" and insert "MAY"

Page 61, line 35, strike "to" and insert "*. These employees may*"

Page 62, line 11, delete "[176.263]"

Page 63, line 11, strike "it hears" and insert "*they hear*" and strike "originally"

Page 63, lines 30 and 31, strike "*. The division shall hear*" and insert "*, including*"

Page 64, after line 17, insert:

"Sec. 106. [176.306] [SCHEDULING HEARINGS.]

Subdivision 1. [CHIEF HEARING EXAMINER.] The chief hearing examiner shall schedule workers' compensation hearings on as regular a schedule as may be practicable and necessary on a statewide basis in no fewer than six geographical areas of the state, including at least four areas outside of the seven county metropolitan area and Duluth, for the purpose of providing a convenient forum for parties to a compensation hearing.

Subd. 2. [DISTRICT ADMINISTRATORS; CLERKS OF COURT.] The judicial district administrators or the clerks of court of the county or district courts nearest to the locations selected by the chief hearing examiner pursuant to subdivision 3 shall provide suitable hearing rooms at the times and places agreed upon for the purpose of conducting workers' compensation hearings."

Page 64, line 30, strike "such" and insert "that"

Page 64, strike line 31

Page 64, lines 34 and 35, strike "commissioner of the department of labor and industry or"

Page 64, line 35, strike "any" and insert "an"

Page 65, line 1, strike "such" and after "proof" insert "of an alleged fact"

Page 65, line 5, strike "such"

Page 65, lines 6 and 7, strike "commissioner of the department of labor and industry or"

Page 65, lines 8 and 9, strike "such fact" and insert "the insufficiency of facts"

Page 65, delete line 15

Page 65, line 16, delete "case" and insert "referring the case to the office of administrative hearings"

Page 65, line 17, after "shall" insert "request that the chief hearing examiner"

Page 65, line 18, strike everything after "held"

Page 65, strike lines 19 and 20

Page 65, line 21, strike everything before the period and insert "as soon as practicable and at a time and place determined by the chief hearing examiner to be the most convenient for the parties, keeping in mind the intent of chapter 176 as expressed in section 50"

Page 67, line 7, strike "a" and delete "three panel"

Page 67, lines 7 and 8, strike "judge of the workers' compensation court of appeals or" and insert "the chief hearing examiner for assignment"

Page 67, line 14, delete the new language and strike the old language

Page 67, line 15, strike "or" and delete "to" and strike "a"

Page 69, lines 16 and 17, strike "judge of the workers' compensation court of appeals or"

Page 69, after line 28, insert:

"Sec. 118. Minnesota Statutes 1980, Section 176.421, Subdivision 4, is amended to read:

Subd. 4. [SERVICE AND FILING OF NOTICE; COST OF TRANSCRIPT.] Within the 30 day period for taking an appeal, the appellant shall:

(1) Serve a copy of the notice of appeal on each adverse party;

(2) File the original notice, with proof of service by admission or affidavit, with the commissioner of the department of labor and industry;

(3) In order to defray the cost of the transcript of the proceedings appealed from, pay to the ~~commissioner of the department of labor and industry~~ *chief hearing examiner* the sum of \$10 or so much of that sum as is necessary to present the question raised on the appeal.

The appellant is liable for the cost of the transcript in excess of \$10, but is entitled to a refund of any part of that sum not used to pay the cost of the transcript.

Upon a showing of cause, the commissioner of the department of labor and industry may ~~direct request~~ that a transcript be prepared without expense to the appellant, *in which case the cost of the transcript shall be paid by the department.*"

Page 70, line 23, strike "or" and delete "a" and strike "compensation"

Page 70, line 24, strike "judge"

Page 70, line 25, after "provide" insert "*either*" and after "stenographer" insert "*or an audio magnetic recording device*"

Page 70, line 27, strike "stenographer" and insert "*commissioner*"

Page 70, line 29, after "charge" insert "*to the commissioner*"

Page 71, line 1, delete the new language and insert "*on the record*"

Page 71, line 5, reinstate the stricken language and delete the new language

Page 71, line 6, delete the new language

Page 71, line 19, strike "de novo" and insert "*on the record*" and reinstate the stricken semicolon and the stricken "or"

Page 71, line 20, reinstate the stricken "(2)" and after "for" delete "*the*" and insert "*a*"

Page 71, line 23, after "the" insert "*de novo hearing or the*"

Page 71, line 25, reinstate the stricken "(3)" and delete "(2)"

Page 72, line 1, after "to" insert "*the chief hearing examiner for assignment to*"

Page 74, line 9, after "appeals" insert "*or district court*"

Page 74, line 10, after "appeals" insert "*or district court*"

Page 77, line 4, before "It" insert "*Subdivision 1. [PURPOSE.]*"

Page 77, line 9, after the period insert "*The offices of the compensation*

judges shall be physically located in a building separate from the offices of the department of labor and industry."

Page 77, after line 17, insert:

"Subd. 2. [PERSONNEL, EQUIPMENT.] All personnel appointed by the commissioner of labor and industry to perform full time duties as compensation judges, except those compensation judges assigned to settlement conference activities, or in support of the functions of the compensation judges are transferred to the office of administrative hearings.

All equipment and supplies used solely by the transferred personnel in the performance of their duties are transferred to the office of administrative hearings.

Subd. 3. [COOPERATION.] On the effective date of this act, the commissioner of labor and industry, the commissioner of administration and the chief hearing examiner shall cooperate in assuring a smooth transfer of the compensation judges and related personnel and equipment and supplies as provided in this act.

Subd. 4. [EFFECTIVE DATE.] The transfers required under this section are effective on July 1, 1981. The physical relocation of the offices of the compensation judges shall be accomplished by no later than January 1, 1982.

Sec. 138. [UNEXPENDED FUNDS.]

The unexpended balance of any appropriation to the department of labor and industry for the purposes of any of its functions, powers, or duties which are transferred by this act to the workers' compensation court of appeals, the office of hearing examiners or the attorney general are hereby transferred to the workers' compensation court of appeals, the office of hearing examiners and the attorney general, allocated to each agency or department in appropriate amounts as determined by the commissioner of finance. When the functions, powers and duties that are affected by this act are the responsibility of the department of labor and industry and another department or agency, the commissioner of finance shall allocate any unexpended appropriation to the department or agency between the department of labor and industry and the other departments or agencies affected, as may be appropriate."

Page 77, line 21, delete "this chapter" and insert "Minnesota Statutes, Chapter 79"

Page 77, line 24, after "date" insert ", as a reflection of the changes in benefits provided by sections 53, 54, 55, 56, 75 to 80, 93, 94, and 134, and by not less than 20 percent as a reflection of the provisions of section 14"

Page 77, lines 25 and 26, delete "be in addition to the reduction provided in section 9 and shall"

Page 77, line 30, delete "chapter" and insert "Minnesota Statutes, Chapter"

Page 77, line 32, delete "chapter" and insert "Minnesota Statutes, Chapter"

Page 78, after line 6, insert:

"Sec. 141. [SALARY INCREASES.]

The salary of the commissioner of insurance is increased to \$40,500. The salary of the chief hearing examiner is increased to \$44,000."

Page 78, line 9, delete "*commissioner of labor and industry*" and insert "*legislative coordinating commission*"

Page 78, line 10, after the period insert "*The commissioner of labor and industry shall cooperate fully with the legislative coordinating commission in implementing the provisions of sections 35 and 36.*"

Page 78, line 11, after the dollar sign, insert "*150,000*"

Page 78, line 24, delete "*.....*" and insert "*\$40,000 \$40,000*"

Page 78, line 25, delete "*....*" and insert "*5*"

Page 78, line 26, after the dollar sign, insert "*675,800*"

Page 78, line 30, delete "*....*" and insert "*10*"

Page 78, line 33, delete "*....*" and insert "*17*"

Page 78, line 35, before "*Minnesota*" insert "*Minnesota Statutes 1980, Sections 79.074, Subdivision 1; 79.075; 79.076; 79.08; 79.09; 79.11; 79.12; 79.13; 79.14; 79.15; 79.16; 79.17; 79.171; 79.18; 79.19; 79.20; 79.21; 79.22, Subdivision 1; 79.221; 79.23; 79.24; 79.25; 79.26; 79.27; 79.28; 79.29; 79.30; 79.31; 79.32; and 79.33 are repealed effective July 1, 1983. Minnesota Statutes 1980, Sections 79.071, Subdivisions 1, 2, 3, 4, 5, 6, and 7; 79.072; and 79.073 are repealed effective January 1, 1986;*"

Page 78, line 36, delete "*176.155,*"

Page 79, line 1, delete "*Subdivision 2;*"

Page 79, delete lines 3 to 5, and insert "*Sections 12, 14, 19, 20, 21, 33, 34, and 35 are effective the day following final enactment. Sections 1 to 8; 10, 11, 13, 15 to 18; 36 to 50; 52 to 92; and 96 to 143 are effective July 1, 1981. Sections 93 to 95 are effective October 1, 1981. Section 9 is effective January 1, 1982. Sections 22 to 32 are effective July 1, 1983. Section 51 is effective retroactively to April 12, 1980.*"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 28, after "*Sections*" insert "*10A.01, Subdivision 18;*"

Page 2, line 29, delete "*and 3*" and insert "*2, 3, 4, and 5*"

Page 2, line 30, after the first semicolon, insert "*60C.04; 60C.09, Subdivision 2;*"

Page 2, line 31, after the first comma, insert "*Subdivision 1, and*"

Page 2, line 37, delete "*Subdivison*" and insert "*Subdivisions*" and after "*1*" insert "*, 2, 3, 4, and 6*"

Page 2, line 49, before "*5*" insert "*4,*"

Page 2, line 57, after "*Sections*" insert "*79.071, Subdivisions 1, 2, 3, 4, 5, 6 and 7; 79.072; 79.073; 79.074, Subdivision 1; 79.075 to 79.09; 79.11 to 79.21; 79.22, Subdivision 1; 79.221 to 79.33;*"

Page 2, lines 58 and 59, delete "*176.155, Subdivision 2;*"

Page 2, line 59, before the period, insert "*reenacting Laws 1980, Chapter 556, Section 12*"

And when so amended the bill do pass.

Mr. Moe, R.D. moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

SECOND READING OF SENATE BILLS

S. F. No. 359 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Monday, April 20, 1981. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate